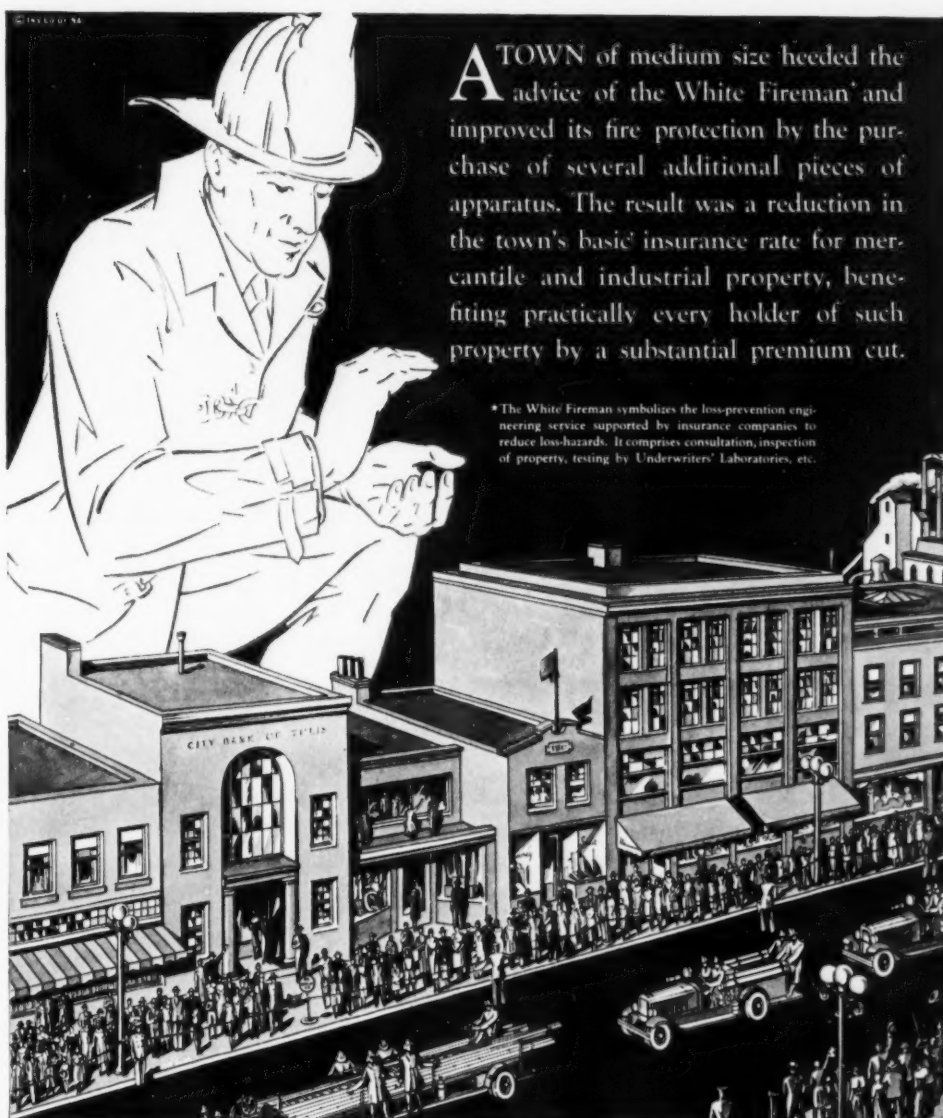


The National Underwriter

A WEEKLY NEWSPAPER OF INSURANCE

THURSDAY, JUNE 11, 1931



A TOWN of medium size heeded the advice of the White Fireman* and improved its fire protection by the purchase of several additional pieces of apparatus. The result was a reduction in the town's basic insurance rate for mercantile and industrial property, benefiting practically every holder of such property by a substantial premium cut.

*The White Fireman symbolizes the loss-prevention engineering service supported by insurance companies to reduce loss-hazards. It comprises consultation, inspection of property, testing by Underwriters' Laboratories, etc.

WHITE FIREMAN Service may be secured through responsible insurance agents or brokers. Ask your North America Agent. He is listed in Bell Classified Telephone Directories under the heading—
Insurance Company of North America



The
Insurance Company of
North America

PHILADELPHIA

The Oldest American Fire and Marine Insurance Company—Founded 1792

and its subsidiary companies:

ALLIANCE CASUALTY COMPANY
THE ALLIANCE INSURANCE CO. OF PHILA.
CENTRAL FIRE INSURANCE COMPANY
INDEMNITY INS. CO. OF NORTH AMERICA
NATIONAL SECURITY FIRE INS. CO.
PHILADELPHIA FIRE & MARINE INS. CO.

write practically every form of insurance except life

A WELL-EQUIPPED fire department is not only a proper source of civic pride; it is a real asset to a town, and pays dividends in the form of lower insurance premiums.

The White Fireman gladly advises municipal authorities on the adequacy of apparatus and personnel.

Above is shown, in reduced size and without the color of the original, a full-page advertisement appearing in *The Saturday Evening Post*, June 13; *Literary Digest*, June 13.

For the benefit of the insurer
our agents have multiple-line
facilities at their command,
writing nationwide: Fire, Auto-
mobile, Marine, Casualty,
Accident and Health, and
Fidelity and Surety Bonds.
Fireman's Fund, Home Fire
& Marine and Occidental
Insurance companies, the
Fireman's Fund and Occiden-
tal Indemnity companies. . .

SAN FRANCISCO

NEW YORK CHICAGO BOSTON ATLANTA

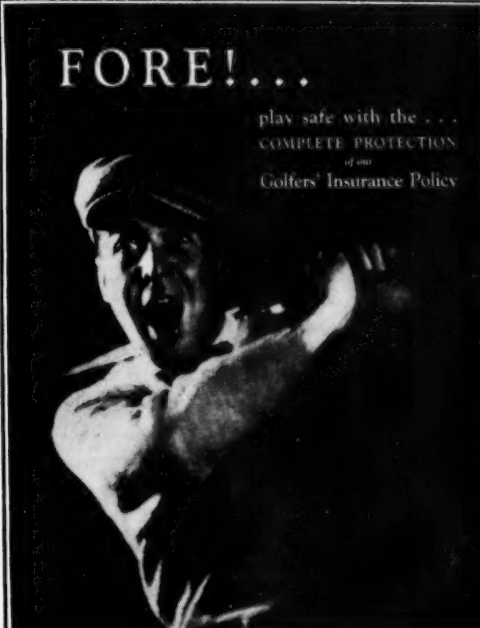
DRAMATIC ADVERTISING

Helps

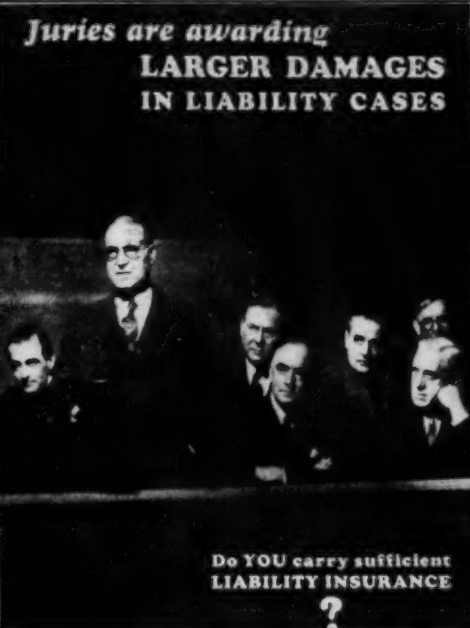
"AMERICA FORE" AGENTS SELL

FORE!...

play safe with the . . .
COMPLETE PROTECTION
of our
Golfers' Insurance Policy



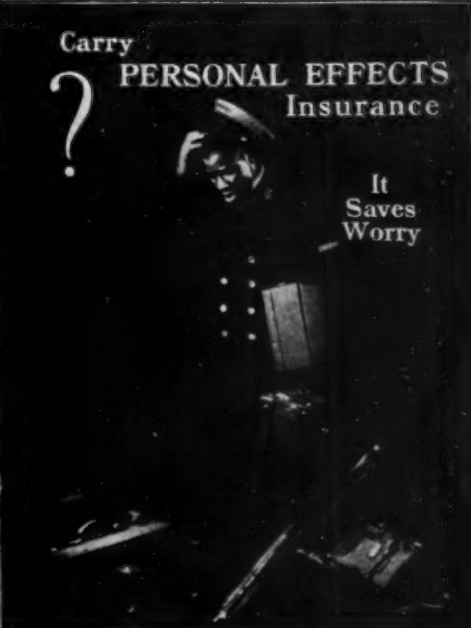
**Juries are awarding
LARGER DAMAGES
IN LIABILITY CASES**



Do YOU carry sufficient
LIABILITY INSURANCE
?

Carry
? **PERSONAL EFFECTS
Insurance**

It
Saves
Worry




DISPLAY POSTERS DISTRIBUTED REGULARLY TO "AMERICA FORE" AGENTS
TELL THE STORY OF "COMPLETE INSURANCE PROTECTION"

Hurt?



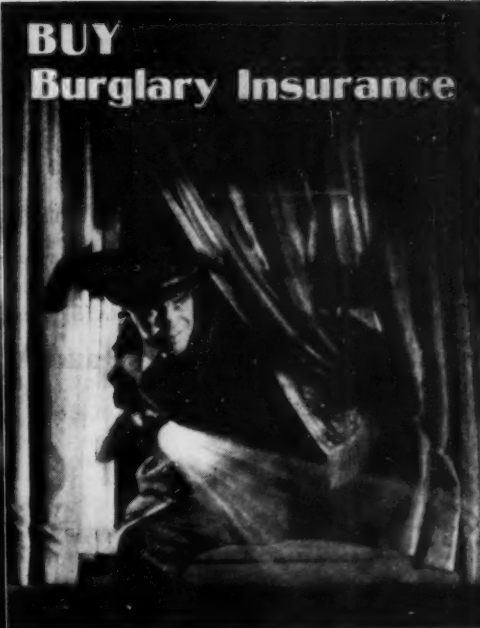
PERSONAL ACCIDENT
INSURANCE
saves expense
and worry . . .

**BUY
Burglary Insurance**



BUY FIRE INSURANCE
PRODUCTION STOPS
Interruption
Loss

**BUY
Burglary Insurance**



The AMERICA FORE GROUP of Insurance Companies
 THE CONTINENTAL INSURANCE COMPANY FIDELITY-PHENIX FIRE INSURANCE COMPANY NIAGARA FIRE INSURANCE COMPANY
 AMERICAN EAGLE FIRE INSURANCE COMPANY FIRST AMERICAN FIRE INSURANCE COMPANY MARYLAND INSURANCE COMPANY OF DELAWARE

Eighty Maiden Lane,

THE FIDELITY AND CASUALTY COMPANY

New York, N.Y.

NEW YORK

CHICAGO

SAN FRANCISCO

ATLANTA

DALLAS

MONTREAL



They're Not All in De Luxe Cabins

PERSONAL effects insurance isn't something that is bought solely by rich globe trotters who travel with six trunks, two servants and a look of bored disdain. Thousands of travelers and vacationists who never stepped foot on a trans-oceanic liner are excellent prospects for personal effects insurance. That is why many agencies a thousand miles from the sea are excellent producers of personal effects insurance.

Wherever there are civilized people there are good prospects for personal effects insurance — and other inland marine lines that all agents should know about. That's why the Ætna and World help their agents line up such business.

THE ÆTNA



FIRE GROUP

ÆTNA INSURANCE COMPANY - - - THE CENTURY INDEMNITY COMPANY
THE WORLD FIRE AND MARINE INSURANCE COMPANY
HARTFORD, CONNECTICUT

PIEDMONT FIRE INSURANCE COMPANY, - - - - - CHARLOTTE, NORTH CAROLINA



The National Underwriter

Thirty-Fifth Year No. 24

CHICAGO, CINCINNATI, NEW YORK AND SAN FRANCISCO, THURSDAY, JUNE 11, 1931

\$4.00 Per Year, 20 Cents a Copy

Van Schaick May Call for Action

Rumor New York Commissioner
Will Speak Plainly at
Chicago Meeting

AGAINST RATE - CUTTING

Is Expected to Impress on State Super-
visory Officials Need for Country-
Wide Cooperation

NEW YORK, June 10.—There has been no cessation of interest on the part of insurance executives, agents and brokers in the warning against indulgence in rate-cutting, form or rule violations made by Superintendent G. S. Van Schaick May 7; rather, it has increased due to the rumor that when Mr. Van Schaick speaks at the spring gathering of the National Convention of Insurance Commissioners at Chicago next week, he will impress upon his associate officials the need for concerted action in compelling country-wide compliance with proper underwriting practices.

Several commissioners, it is reported, have intimated their desire that this be done, apparently realizing the need for cooperation of commissioners with company officials who are sincerely desirous that an end be put to corner-cutting and other unethical methods in competing for business.

Threat by Big Company

That the fear is not an idle one is attested by the recent threat of a powerful fire company of this city to withdraw its membership from all governing organizations throughout the country and pursue an independent field policy if an equally strong and aggressive rival failed to live up to its assumed obligations; something it quite plainly had not been doing in recent months.

Department representatives this afternoon will meet the committee of the New York Fire Insurance Rating Organization appointed to confer with it in line with the recommendation of Superintendent Van Schaick and will hear the underwriters explain particularly the forms and procedures of their rules governing the writing of floater and general cover forms; two types of coverage concerning which there has been considerable complaint.

If, as has been alleged, the success of marine underwriters in encroaching upon the preserves of fire companies with respect to floater lines is measurably due to the antiquated system employed in rating such risks, the department representatives will be interested in hearing what reform methods are contemplated to correct the situation.

Investigators Continue Study

In addition to the fire and marine companies, casualty offices have now named a committee to confer with the

(CONTINUED ON PAGE 37)

Interstate Underwriters Board Sends Out Pledge to Members

In keeping with the strong plea for the observance of ethical practices in the fire insurance field made at the annual meeting of the National Board in New York City two weeks ago, the Interstate Underwriters Board now asks each of its members to give written pledge to the effect that the handling of all business reported to the organization will be in strict conformity with its rates, rules, forms and commissions. The further request is that the nature of the obligation be communicated to "department managers, branch managers and general agents throughout the United States."

Obligation Is Given

In the communication sent out the following executives state that "with a view of increasing the efficiency of the Interstate Underwriters Board and bringing it up to what the majority of the membership expect of it, the companies listed below have, through their chief executives, pledged agreement to the following, and signatures of chief executives of all member companies to this questionnaire and the accompanying constitution and by-laws are requested:

"R. R. Martin, Atlas; Paul L. Haid, America Fore; Lyman Candee, Globe & Rutgers; Wilfred Kurth, Home of New York; J. O. Platt, North America; J. F. Guinness, National Union Fire; C. E. Case, North British & Mercantile; R. P. Barbour, Northern of England; Edward Milligan, Phoenix of Hartford; Harold Warner, Royal; J. L. Parsons, Crum & Forster."

In addition to these groups, the following, all being members of the governing committee, have ratified the action: W. R. McCain, Aetna; P. B. Sommers, American of Newark; Alfred Stinson, Automobile; R. M. Bissell, Hartford Fire; R. L. Williams, Travelers Fire.

Nature of the Pledge

The questions in the pledge are as follows:

(1) Will you give your personal pledge, by signing the constitution and by-laws and this questionnaire, that the companies which you control and manage will abide by all of the rules and regulations of the Interstate Underwriters Board?

(2) Will you also agree that no letters, open binders or agreements, discounts or rate concessions, will be made with regard to any business coming within the scope of the Interstate Underwriters Board, or with regard to any other business, affecting in any way the rates and rules of any regional organization or of the Interstate Underwriters Board which might, or would, influence the placing with your company, or companies, business coming within the scope of the Interstate Underwriters Board?

(3) Do you further agree that you will not reinsure a company not a member of the Interstate Underwriters Board, or a company refusing to subscribe to this agreement, on business coming within the scope of the Interstate Underwriters Board?

(4) Do you agree to submit to the Interstate Underwriters Board all applications for rating, daily reports and endorsements for master policies, cancelled policies, reports of value and all agree-

ments of any kind affecting policies coming within the scope of the Interstate Underwriters Board which are written or are to be written?

When the Interstate Underwriters Board was formed pledges to observe its forms and regulations were made by the chief executives of the four territorial governing bodies, viz.: the Eastern Underwriters Association, Western Underwriters Association, Southeastern Underwriters Association and the Pacific Board, their respective signatures binding the members of each of the organizations. It is now desired to drive home to company heads the sacredness of the obligation assumed on their behalf, by having the leading official of each company give his individual pledge.

By-laws Are Strengthened

A further important move by the I. U. B. was the strengthening of its by-laws through the adoption of the following section:

"In order to determine the accuracy of the statements of values submitted by assured in connection with reporting or floater forms of policy, and for the further purpose of demonstrating whether forms authorized by the board are suitable to the business of assured, members must require all assured to submit to such auditing and examination of their books and records as shall conclusively reveal the foregoing information. To this end the manager shall, with the approval of the governing committee, employ a firm or firms of accountants who shall make such audits and examinations; and no other accountants, audits or examinations shall constitute compliance with this rule.

Shall Prepare Data

"When so instructed by the governing committee, the manager from the information secured by the approved accountants and from other available sources, shall prepare from time to time such data and statistics as may be helpful and informative to members writing the classes of business that are under the supervision of the board. The expense of such audits and examinations shall be billed by the manager to and collected from the member company or companies participating in the individual insurance in the proportion of their interest in each such insurance."

Farm Situation Well Analyzed by F. C. Snapp

A keen analysis of the farm property situation was made by Fred C. Snapp, farm superintendent of the Aetna, at the Nebraska agents' meeting this week. Mr. Snapp's paper should be read by all interested in converting farm insurance to a profitable basis. It will be found on sales methods page immediately preceding the Casualty section.

Anti-Mail Order Campaign Starts

Denver Chamber of Commerce
Offers Agents Assistance
in Movement

CLYDE SMITH APPROVES

Former National President Urges Form-
ing Colorado Association to Pro-
tect Interests of Locals

DENVER, June 10.—President H. S. Sands of the Denver chamber of commerce today pledged the power of his organization to the aid of the local insurance industry in recovering a large volume of insurance, termed as mail-order insurance, now going to out-of-town brokers and mutuals and reciprocals which do not maintain Denver establishments.

"We will go down the line for you," he declared in an address before a luncheon meeting of members of the Denver Association of Insurance Agents. "All we ask is that you tell us what it is you wish done."

Part of General Program

The offer is embraced in a comprehensive program known as the "Buy It in This Market" movement which is said to have resulted in gratifying increases in business for other Denver industries.

President N. Clinton Steel of the agents' association, who presided, immediately appointed a committee which will cooperate with a committee of general agents in lending aid to the chamber officials in attaining the objective. This committee includes Stewart L. Drake, Max Schayer and Mr. Steel.

Speaking in appreciation of the Sands offer, Herbert Fairall, prominent local agent, declared the campaign would gain greater momentum if an opportunity were given every legitimate agent in the city to join the local association to assist in the work.

Speaks for Education

He urged an organization of insurance men drilled and educated in the business in order to render genuine service to assureds. He vigorously assailed the present situation which permits 13,000 untrained local agents and 400 brokers to operate in the territory, and he revealed that 63 agents' licenses had been issued to one insurance company for Denver.

A tentative plan proposed by Mr. Steel for retrieving this so-called mail order business for established insurance interests of the city provides for the preparation of a list of Denver firms which are sending their insurance premiums away from the city. "Many such firms," he explained, "are depending on the loyalty and support of the chamber and other citizens for their success and prosperity, and we might test their sense

(CONTINUED ON PAGE 37)

Prudential Life Deal on Property It Has Assumed

NO VIOLATION OF THE RULES

Explanation Is Given as to the Arrangement Made With the Firemen's and American

NEW YORK, June 10.—At the suggestion of the Parkersburg, W. Va., local board E. C. Lawson, insurance commissioner of the state, addressed the American and the Firemen's of Newark, asking particulars as to the arrangement each recently entered into for insuring property which the Prudential Life has been forced to take or may have to assume from time to time under foreclosure proceedings. The commissioner likewise wrote the life company in the matter, all three institutions making prompt reply to his inquiry.

What the Contract Covers

As noted in the May 28 issue of THE NATIONAL UNDERWRITER the deal in question covers only on buildings the Prudential as mortgagee is compelled to take over under foreclosure proceedings. As the life company loans millions of dollars in mortgages on mercantile, residential and farm properties in the great majority of the states each year it is highly essential that its interest be safeguarded at all times; good business judgment not only so dictating but duty to its policyholders compelling. In order that there be no lapsation of coverage in the event of default by a mortgagee, the Prudential, through the medium of a Newark broker secured from the American and Firemen's an automatic pickup upon all property which it assumed under foreclosure, individual policies being written immediately particulars were furnished.

In every instance the policies are issued in strict conformity with the local governing regulations and rates, and commission thereon paid local agents less brokerage to the person producing the business. Not only does the Prudential carry fire insurance on these properties but full tornado coverage as well. It may be true that in the cancellation of a direct line through default on the part of the former property owner, and its rewriting on account of the Prudential there will be a change in agencies. That is something that cannot be controlled, but in every case the risk is written by some local man, the two fire companies being most careful to see that not only are the laws and controlling underwriting association rules observed, but that there is adherence to the ethics of the business as well.

Interesting U. & O. Angle to Louisville Bat Fire

LOUISVILLE, KY., June 10.—Fire destroyed 2,000,000 baseball bats belonging to the Hillerich & Bradshy Company here last Saturday causing a fire loss estimated at \$350,000 and a \$500,000 use and occupancy loss covered by insurance.

The U. and O. coverage brings up an interesting angle because it requires time to season bat material and the company's business may be interfered with while awaiting fresh supplies of raw material. If the Hillerich & Bradshy Company cannot replace this stock in time to take care of its future requirements, some of the insurers will lose money. Bat stick timber is cut in the fall when the sap is down, so the stock destroyed cannot be replaced until then. The company has about six months' supply of raw material on hand plus salvaged material. It is feared it will not have enough stock to meet its winter production for spring sales.

Morgan Elected President of Michigan Underwriters

TWO MEETINGS IN DETROIT

W. P. Van Wormer Succeeds Legg as Head of State Fire Prevention Association

DETROIT, June 10.—Stuart Morgan, state agent Agricultural Fire in Michigan, was elected president of the Michigan Fire Underwriters Association at the annual meeting here yesterday. Mr. Morgan has long been active in association affairs, having been secretary of the old Bureau field club until the realignment of companies placed him on the Western Underwriters Association list. He was vice-president last year.

Mr. Morgan succeeds F. D. Row, state agent Springfield, who was presented with a fine silverware gift as a recognition of his able presidency.

Other Officers Elected

G. R. Livingston, state agent for the Aetna Fire, was elected vice-president. He served last year on the executive committee. T. J. Nicol, state agent World Fire & Marine, was elected secretary-treasurer, succeeding Arthur N. McDougall, special agent Royal Exchange.

Mr. Morgan appointed an executive committee including Samuel T. Johnson, state agent Globe & Rutgers, chairman; R. J. Martin, special agent Phoenix of Hartford; W. H. Gabriel, state agent National Fire, and J. J. Hubbell, state agent Security of Connecticut.

The entire two-day convention was condensed into one luncheon meeting at which Henry L. Newman, vice-president Detroit Insurance Agency, was the principal speaker. Mr. Newman addressed the field men on the topic of

Barge Explosion Starts Norfolk Conflagration

NORFOLK, VA., June 10.—Following an explosion upon an oil barge at the Buxton line pier, flames driven by a high wind swept through a portion of the wholesale district causing a \$3,000,000 estimated loss. Many of the properties destroyed were former dwellings converted into mercantile and manufacturing buildings which were well insured. The fire shows the necessity for limiting writings on risks exposed by piers. Adjusters are being hurried here to check up on the loss and settle claims.

closer cooperation between field men, agents and companies.

W. P. Van Wormer of Lansing, special agent Phoenix of Hartford, was elected president of the Michigan Fire Prevention Association at the annual meeting held here the same day. Mr. Van Wormer succeeds B. V. Legg, state agent Liverpool & London & Globe.

William D. Cameron Lansing, state agent Boston and Old Colony, succeeds Samuel T. Johnson, state agent Globe & Rutgers, as vice-president.

J. J. Hubbell, state agent Security of Hartford, who has functioned as secretary-treasurer for several years, was reelected.

Retiring President Legg reviewed the activities of the association during the past year, recalling the number of towns inspected and accomplishments.

Holland Takes Kentucky Field

Smith Holland, who has been in the field for the Universal Automobile of Dallas in Arkansas and Louisiana, has gone to Louisville to represent the company in Kentucky.

Banks and Trust Companies Should Not Act as Agents

L. J. DORT IN STRONG PLEA

Former Nebraska Commissioner Holds That Local Insurance Men Should Receive Ample Protection

L. J. Dort, Lincoln, Neb., attorney and former insurance commissioner, in his talk before the Nebraska local agents this week stated that the Nebraska laws require insurance companies to do business through agents. Trust companies, banks and similar corporations under the existing law may not be licensed as insurance agents. He declared that these institutions are not chartered to engage in insurance. He said that in his opinion such corporations should be so restricted as to keep them out of insurance and leave the field entirely to agents. He does not think that money investors should control the business. He feels that the agents are entitled to protection.

Mr. Dort says that something is radically wrong with the present system and he believes that one of the difficulties is the substitution of money for the man. The investment field, he declared, should not be so broad as to destroy or unduly invade the field of personal service and profit. This limitation of corporate power must be fixed and observed. He believes that an appeal should be made to the attorney general to secure the institution of a quo warranto action against offending corporations. General relief should be secured by appropriate legislative action.

Opposed by the Banks

He called attention to senate bill 139 introduced in the present session which provides in substance that agents must be licensed and no association or corporation not specifically authorized to engage in the business of insurance as an agent or broker shall be licensed. The banks and trust companies vigorously opposed the bill. The senate refused to vote the bill out. He said the bill should again be presented to the legislature. He said that in his opinion it might be modified to exclude associations and corporations not organized for profit. He said that as agents insurance men have the right to proceed about their business without unlawful interference by persons or corporations. He contended that the banks opposing this senate bill cannot justify their position by law and their appearance in opposition is an admission of unlawful conduct. He said that a general law to the effect that no corporation may be formed for the purpose of engaging in any business which requires personal service under a license would have a beneficial effect.

Greer Modifies Ruling on Fictitious Auto Fleets

MONTGOMERY, ALA., June 10.—Superintendent Greer of Alabama has modified his ruling prohibiting fictitious automobile fleets to permit those in force prior to his ruling March 11 to remain in force for not more than one year. The modification was made, he said, because of the conviction that to cancel policies in force March 11 would "work an unreasonable hardship on policyholders and agents."

His modification is as follows:

1. False fleet contracts made prior to March 11, 1931 will be permitted to be carried out as written.
2. All such contracts, however, shall be changed upon date of expiration and none shall extend beyond March 11, 1932, i. e., all such false fleet contracts must be written on the proper basis and at the proper rate not later than March 11, 1932.

CONDENSED NEWS OF WEEK

Superintendent Van Schaick of New York may call on commissioners at Chicago meeting to war on rate-cutting. **Page 3**

Executives of companies are being asked to sign a pledge submitted by the Interstate Underwriters Board to observe all rules and rates. **Page 3**

Minnesota Blue Goose holds silver anniversary meeting. **Page 6**

Plans are completed for the meeting of the executive committee of the National Convention of Insurance Commissioners in Chicago next week. **Page 6**

Annual meeting of the Georgia Association of Insurance Agents was held this week at Albany. **Page 5**

President Hillers of the Nebraska Association of Insurance Agents speaks at its annual convention. **Page 6**

Explanation is given as to the deal the Prudential Life has with the American and Firemen's on foreclosed property. **Page 4**

Some features of the annual meeting of the Southeastern Underwriters Association reviewed. **Page 5**

Tips on agency cooperation with adjusters given Nebraska agents association by Branch Manager Wise of Western Adjustment. **Page 10**

Nine persons arrested at Chicago on charge of conspiring against bus line and U. S. F. & G. on fake accident claims. **Page 30**

Program for the annual meeting of the Virginia Association of Insurance Agents at Bristol is announced. **Page 22**

Fred C. Snapp of Chicago, western farm superintendent of the Aetna, gives a review of the farm situation in the west. **Page 27**

Superintendent Greer of Alabama issues strong ruling against automobile rate cutting. **Page 29**

Morgan elected president of Michigan fire underwriters, and Van Wormer to head fire prevention association at Detroit meetings. **Page 4**

Denver local agents win support of chamber of commerce in campaign against mail-order insurance. **Page 3**

Tennessee underwriters, fire prevention and Blue Goose meetings at Nashville this week draw many field men. **Page 8**

Program is announced for the annual convention of the West Virginia Association of Insurance Agents. **Page 8**

Status of Illinois Insurance measures before the legislature. **Page 5**

Former Insurance Commissioner Dort of Nebraska criticizes banks and trust companies for acting as insurance agents. **Page 4**

Insurance needs cooperation of all concerned more than ever, Ives tells Georgia agents. **Page 20**

Receivership of Associated Employers Reciprocal near final settlement. **Page 30**

Surety men watching depository angle in Chicago bank closings. **Page 29**

Automobile deaths the first four months are in excess of 9,100. **Page 30**

Increased workmen's compensation rates become effective in Alabama, Georgia, North Carolina, Tennessee and New Hampshire. **Page 34**

New York Indemnity merges with the Union Indemnity. **Page 32**

Secretary N. C. Stevens, Aetna Casualty, points out the value of intelligent plate glass surveys. **Page 31**

New York department calls on casualty companies to file copy of automobile liability policy setting forth clearly assumption of liability and consequential damages. **Page 31**

General Agencies Up for Discussion

Question Was Acute at Southeastern Underwriters Association Meeting

HINES NEW PRESIDENT

Separation Problem Is Passed on to the Executive Committee of the Organization

Those who attended the annual meeting of the Southeastern Underwriters Association at White Sulphur Springs were interested not alone in the announced preparation of a plan for effectively meeting mutual competition, but more particularly in the statements made upon the floor concerning "phony" general agency appointments in various sections of the southern territory. Appointments of this character have been a source of serious difficulty for a considerable time past. With a view to forcing definite reformatory action a representative of one of the strong New England companies bluntly stated that he had recently named a "general agency" to which top commissions would be paid, though well knowing that the man at its head is a local agent pure and simple, and the granting of a general agency commission was merely a blind for paying excess commissions upon local business.

Is Forcing the Issue

In stating his position the executive declared that the appointment was made primarily to force the issue, which had been before the association for some time but which for some reason had been evaded; the body apparently being unable or unwilling to compel observance of its rules in so far as certain strong companies were concerned. If the naming of the general agent failed of its intended purpose, a second appointment of like character, it was stated would be made. The company is determined to operate on a plane of equality with all of its competitors. The gauntlet thus squarely thrown down, it remains to be seen how the challenge will be met by the governing organization.

Definition of General Agent

As to what constitutes a legitimate general agency the definition of the American Association of Insurance General Agents, which briefly is that such office shall exercise supervisory authority over its particular field, and "be free from direct or indirect ownership or operation of any local agency business," was quoted. The appointment of local agents as "general agents" for no other reason than to get the major share of their business through the medium of a higher rate of commission, is an evil not confined to the south.

Will Prepare Data

Endorsing the previous intention to create a statistical department for the purpose of preparing data useful to the members, the selection of a manager for the department was authorized. Further consideration will be given the suggested appointment of a grievance committee to investigate reports of rule violations, and the expectation is that the idea will be favorably reported. According to the retiring president, E. N. O'Beirne, premiums in the south the first five months are decidedly less than those for the same period of 1930, a

(CONTINUED ON PAGE 37)

Status of Insurance Bills in Illinois Legislature

HOPE OF QUALIFICATION ACT

Number of Measures Have Passed One House and Will Probably Pull Through

SPRINGFIELD, ILL., June 10.—With the close of the Illinois general assembly only a few days away it is probable that not more than 10 or 15 of the 114 bills affecting insurance now before the legislature will survive the session. Three months ago the Illinois insurance department had introduced as department measures about 20 bills designed to correct a number of shortcomings in the present code. Even with department backing, but a few of the bills are expected to pass.

On Tuesday of this week the agents qualification bill No. 735 supported by the Illinois Association of Insurance Agents was passed by the house, and is expected to be approved by the senate early next week. The companion measure the brokers license bill No. 734 is on third reading in the house, and will probably be passed out this week. The bill carrying an appropriation for the brokers licensing measure has already passed the senate and is now on second reading in the house.

The following insurance bills have already passed the house and on Tuesday were reported favorably by the senate insurance committee: H. B. No. 727, regulates Lloyd's; providing that the maximum amount of insurance to be assumed by an individual upon any single risk shall not be greater than 10 percent of each underwriters' deposit, instead of 10 percent of the net worth of the individual as at present. H. B. 729, permits life companies to invest in preferred securities of industrial corporations. H. B. 730 makes annual taxes paid by fire companies under the fire marshal act payable in March instead of February. H. B. 731, authorizes companies to insure against smoke and smut damage. H. B. 732, the authorized surplus of any joint stock fire company must be fully paid in cash before it can operate. H. B. 1166, amends mutual benefit association act, placing more restrictions on this type of organization. Four other insurance bills are now on third reading in the senate: H. B. 728, extends to all insurance companies provisions to the act prohibiting misrepresentation by life companies.

House bill 1113 is a codefendant measure providing that all insurance policies insuring against liability for death or injury shall provide that the carrier shall be liable to the person entitled to recover. This bill is strongly opposed by the casualty companies. It was passed in the house on Tuesday and now is before the senate.

Speak at Agents' Meeting

NEW YORK, June 10.—President P. H. Goodwin of the National Association of Insurance Agents will speak for that body before the annual gathering of the New England associations at Poland Spring, Me., the week of June 22. W. B. Calhoun, chairman of the executive committee, will represent the parent body at the meetings of the South Carolina, North Carolina, Virginia and West Virginia associations, which are scheduled to convene respectively at Charleston, June 11-12; Asheville, June 15-16; Bristol, June 17-18, and Huntington, June 19. The Mississippi association will be addressed at its gathering at Jackson June 16-17, by W. E. Harrington of Atlanta, formerly president of the National association, while C. L. Gandy of Birmingham will speak for the National body at the gathering of the Kentucky association at Louisville June 17-18.

Bureau Field Clubs Gather in Their Regional Roundup

TINDALL READS SILBER PAPER

Many Executives Meet Field Men in Good Fellowship Dinner and Company Sessions

By LEVERING CARTWRIGHT

EXCELSIOR SPRINGS, MO., June 10.—In this day of declining premium income and shrinkage in investment values close cooperation between the business-producing departments and the loss and adjustment functions is called for, according to remarks prepared by Fred Silber of Chicago which were read at the good fellowship dinner of the Western Insurance Bureau's regional field club roundup here this evening.

Mr. Silber, attorney for the W. I. B., was unable to attend because of illness and his paper was read by C. L. Tindall, Missouri state agent National Ben Franklin.

Silber's Paper Is Read

"One of your problems," Mr. Silber's paper held, "is the reconciliation of loss adjustments with the need of satisfying the agents and their customers. We lawyers who represent insurance companies sometimes find our greatest difficulty in being able to continue a contest on a dishonest loss over the protests of agents, banks and other interested parties who are trying to assist the assured in order to retain his good will."

"The production end of the business is naturally interested in premium. The adjustment end is interested in keeping down losses. The field men are wedged in between these conflicting forces and must constantly keep in mind the moral and financial effect of settling a dishonest or unlawful claim and what such a settlement will do to the loss ratio, which is so important a part of the final determination of an underwriting profit at the end of the year."

Large Territory Represented

There are eight states and six field clubs represented here. This morning the clubs held their individual meetings, after which field men met in company groups for conferences with executives in attendance. This afternoon a golf tournament was held.

R. S. Danforth, superintendent of agents Millers National, was toastmaster at the dinner. He called on executives including Ralph Rawlings, president Monarch Fire and Bureau president; James Smith, assistant western manager Firemen's; H. E. Boning, secretary Milwaukee Mechanics; F. C. Schad, secretary W. I. B.; Harvey Patterson, manager Western Sprinkled Risk; I. H. Ramaker, assistant secretary Security of Davenport.

H. A. Clark, western manager Firemen's and chairman Bureau, is expected tomorrow for the general meeting of all clubs.

The president of the Missouri club is John Battershil, Firemen's, vice-president, P. C. Hartman, Milwaukee Mechanics; secretary, C. L. Tindall, National Ben Franklin.

Louis Rae, Northwestern National, is president of the Iowa club; vice-president, Ray Heles, Dubuque F. & M., secretary, F. J. Weber, National Ben Franklin; treasurer, F. R. Sherman, Milwaukee Mechanics. President of the Kansas club is V. E. Herbert, National Ben Franklin; vice-president, H. B. Brown, Northwestern National; secretary, J. Y. Dickerson, Firemen's.

President of the Northwest club, Minnesota and the Dakotas, is A. A. Clothier, Firemen's; vice-president, H. N. Stone, Milwaukee Mechanics; secretary, E. O. Erickson, Northwestern National. The other clubs represented were Nebraska and Oklahoma.

Georgia Agents Hold Convention

Vice-President Falls of the American Gave a Notable Address

APPEALS FOR LOYALTY

Number of Interesting Subjects Up for Discussion at the Executive Session

NEW OFFICERS ELECTED

President—Scott Nixon, Augusta.
First Vice-President—George White, Atlanta.
Second Vice-President—Henry Harris, Macon.
Secretary-Treasurer—H. C. Arnall, Newnan.

By SCOTT NIXON

ALBANY, GA., June 10.—To the theme song of "Loyalty and Cooperation" the 34th annual convention of the Georgia Association of Insurance Agents was called to order Tuesday morning by President Howard Geldert of Atlanta. After the preliminary formalities the meeting got down to business. The report of Treasurer H. M. Carter, of Savannah, showed the association to be in healthy financial condition. Scott Nixon, of Augusta, chairman of the membership committee reported an increase of eight members during the year making a total of 212. J. H. Hines, newly elected president of the Southeastern Underwriters Association, was introduced to the convention by J. S. Raine, secretary of the organization. Messages from Fred W. Cole, of Atlanta, first president of the Georgia association back in 1898; John D. Saint, of New Orleans, business manager of the Louisiana society; P. H. Goodwin, president of the National association, were read. President Geldert delivered his annual address in fine form.

Address by L. E. Falls

Reports on the annual meeting at Nashville were given by H. M. Carter and C. Arnall, respectively. Laurence E. Falls, vice-president American of Newark, delivered a most interesting address on the subject of "Loyalty and Cooperation." Mr. Falls having been a local agent and a member of the National association for nine years was well fitted to talk to agents. His remarks were very forceful and to the point. He stated that human beings were not capable of foreseeing the future but he felt that as long as there was a well established and organized agency association whose membership was composed of the right sort of men with high ideals and principles the insurance agency business had nothing to fear.

Praise for Stock Insurance

He took the occasion to praise stock fire insurance in saying that no one should apologize for being in business for profit and that all should justify their position by giving value received. He called for loyalty to those companies who espoused the local agency ideals. Tribute to Percy Goodwin, National president, was paid. Mr. Falls said that President Goodwin was accomplishing great work in trying to bring the companies and agents together with the idea of settling their differences among themselves and not in state legislatures and through the public print. In quoting from a paper he recently read before the Newark local board he said that the stock market boom was the cause of the multiplicity of agents and companies. Too many

(CONTINUED ON PAGE 13)

Question and Answer Column

All are invited to send in their problems: they will be given our most careful attention.

QUESTION: If a plant is showing no net profit, but is meeting its fixed charges, would the amount of such fixed charges form the amount of claim under a U. and O. policy irrespective of whether the showing is made in the shipping department, manufacturing department, or the two combined?—M. L. E., *Altoona.*

ANSWER: If the plant is meeting its fixed charges from manufacturing, the Company would pay a claim from such fixed charges. It is suggested that Profits Insurance be written on finished goods.

QUESTION: What is the distinction between a friendly and an unfriendly fire?—A. V. A., *Atlanta, Georgia.*

ANSWER: A friendly fire is one which may incidentally cause a loss but was itself intended to burn. This is illustrated by the following case reported in one of the Massachusetts reports. The insured set fire to a quantity of papers that he had in his stove with the intention of destroying them. The intense heat from the papers caught fire to the soot in the chimney, damaging the inside of the chimney. This fire in the chimney was held to be a hostile fire and the loss was recoverable.

As distinguished from the above case, it has been held in the courts of Maryland in a case where a fireman working for a tug-boat company negligently let the water run out of the pipes in one of the boilers while the fire was still going and because of this the boiler was ruined, that there could be no recovery for such loss. The opinion of the court was that the fire did not go beyond the boiler and therefore was the fire intended by the insured. This intended fire produced unintended loss which cannot be recovered under a fire insurance policy.



Capital \$6,687,480

Incorporated 1846

Minnesota Blue Goose in Silver Anniversary Meet

BLOMGREN HEADS THE ORDER

Frank H. Barney, Charter Member, Expresses Regret at Abandonment of the Summer Outings

NEW OFFICERS ELECTED

Most Loyal Gander—G. W. Blomgren, Security.
Supervisor—C. E. Nugent, Western Adjustment.
Custodian—Paul Zoelzer, Agricultural.
Guardian—Austin Fields, General Inspection Bureau.
Keeper—G. F. Duerr, Providence Washington.
Wielder—G. D. Van Wagenen, Fireman's Fund.

By LEVERING CARTWRIGHT

MINNEAPOLIS, June 10.—Criticism of the companies for their action in frowning upon summer outings of field men was made by Frank H. Barney of the Barney & Barney agency at Minneapolis, while acting as toastmaster during the silver anniversary meeting of the Minnesota Blue Goose at the Minikahda club in Minneapolis. Mr. Barney, an ex-field man, who is a charter member of the Minnesota pond, declared that field conditions in the northwest have been exceptionally harmonious because of the cohesive force which the Blue Goose and the Northwest association have had on the business. The spirit of fairness in competition is fostered at the summer outings, Mr. Barney declared, and he said it is a mistake to abandon them.

Six Original Members

An interesting feature of the silver anniversary meeting was that fact that six members, who were present when the Minnesota pond was organized at Lake Osakis in 1906 were present. They were C. G. Bates, adjuster; L. F. Daniel, Scottish Union; R. L. Bruen, adjuster, A. R. Gress, North America; C. W. Cartwright, Northern of London, and Mr. Barney. The old timers responded to introductions by reminiscences of the early days of the order.

L. L. Law, London, pointed out that the Minnesota pond has three past most loyal grand ganders—John F. Stafford, John A. Hanson and G. C. Main.

Rose Tells of Tour

The most loyal grand gander, Henry L. Rose, was in attendance and reported that he is standing up well in his tour of the ponds in the United States and Canada. Another guest was D. P. Lemen, president Queen City Fire, and most loyal gander of the Dakota pond. Major R. J. Jordan, who formerly traveled for the Great American, and is now collector of customs at Corinto, Nicaragua, was present. He had come to Minnesota because of the death of his father. Deputy Insurance Commissioner Diepenbrock was also in attendance.

The meeting was in charge of C. F. Butts, American Central, the retiring most loyal gander.

Delegates to the grand nest meeting in Milwaukee are George A. Roberts, Detroit F. & M.; F. H. Barney and B. K. Cowles, Phoenix of Hartford.

Detamore Heads Hail Men

DENVER, June 10.—T. P. Detamore, Colorado hail insurance commissioner, was elected president of the International Association of State and Municipal Hail Insurance Departments at the second annual convention here. J. O. Johnson, Pierre, S. D., deputy hail insurance commissioner of South Dakota, was chosen vice-president, and E. G. Hingley, Regina, Sask., manager Saskatchewan Municipal Hail Insurance Association, secretary. The next annual meeting will be held June 1, 1932, at Regina, Sask.

Ominous Signs in Heavens That Affect the Local Agents

J. B. HILLERS' OBSERVATIONS

President Nebraska Association of Insurance Agents Urges All to Work in Harmony

HASTINGS, NEB., June 10.—President J. B. Hillers of the Nebraska Association of Insurance Agents in his address before the annual meeting here this week scanned some of the ominous signs in the skies that tend to undermine the American agency system. He said that there are certain agencies at work which are taking business away from agents and making it harder for them to succeed. He referred, for instance, to the Catholic Mutual Relief Society, the Congregational Church Building Society, Church Properties Insurance Corporation, automobile clubs with insurance attachments, fictitious fleets promoted by some agents and companies, Sears, Roebuck & Co. getting into the automobile insurance business, Montgomery Ward & Co. listing accident insurance in its catalog, growth of the branch office system.

Started in Small Way

He called attention to the fact that Sears, Roebuck & Co. a few years ago started in a small way selling automobile tires. It is now doing a land office business in this direction. He said that Firestone is the only big tire manufacturer which does not manufacture private brands for mail order houses or chain oil station distribution.

President Hillers said that the insurance salesman is an important economic factor in his community. He condemned the practice of banks or other money lenders in using financial coercion to dictate the insurance medium. He commended the adjustment bureaus that have eliminated adjusting service for any but stock companies.

Relationship Has Improved

He believes that the relationship between companies and agents, especially in the middle west, has greatly improved. He finds that companies are evidencing a greater degree of confidence in their established agents. Then, too, he finds a renewed spirit of loyalty on part of agents toward their companies. In this day of financial distress and deflation President Hillers sees the greater necessity of cooperation all along the line.

Insurance Commissioners Meeting Plans for Chicago

Jess G. Read, Oklahoma insurance commissioner and president of the National Convention of Insurance Commissioners, predicts that between 35 and 40 members will be present at the spring meeting of the executive committee at the Stevens hotel, Chicago, the first three days of next week. Monday will be given largely to getting acquainted and introducing new members as some 10 or 15 appointments have been made since the annual meeting at Hartford. There will be a number of committee meetings including one on examinations, special committee on life company interlocking arrangements, etc. President Chauncey S. S. Miller of the Insurance Advertising Conference will speak. The executive committee will meet Tuesday with Commissioner Yenter of Des Moines in charge. The time and place for the annual meeting will be determined. There will be two vice-presidents elected. There will be an executive session Wednesday.

The Essex Fire of Newark has been authorized to transact business in Minnesota.

IN 1846

The first independent reinsurance company was founded in Germany.

It was founded upon the thought that there was a place for the strictly reinsurance company, as such a company would not be a competitor in the direct writing field.

Since that time it has been generally recognized that reinsurance is not only a requisite but is also a separate and highly specialized branch of the insurance business.



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President

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KARL P. BLAISE
Asst. Secy.

REINSURANCE ONLY—IN FIRE, TORNADO AND AUTOMOBILE LINES

Tennessee Underwriters and Preventionists Meet

BLUE GOOSE HOLDS SPLASH

Triple Attraction Draws Many Field Men to Meetings Held in Nashville This Week

NASHVILLE, June 10.—The annual meeting of the Tennessee Fire Underwriters Association was held here Tuesday. H. A. Amonette, St. Paul Fire & Marine, was elected president; George W. Harbison, America Fore, vice-president, and Leon McGilton, American of Newark, secretary.

W. B. Flickinger of Chicago, manager Philadelphia Fire & Marine, representing the Western Underwriters Association, delivered a very interesting and instructive address.

A handsome silver water pitcher was given the retiring president, Bruce A. Gibson, National Liberty, as a token of esteem from the members for his services during the year.

New officers elected at the annual meeting of the Tennessee State Fire Prevention Association are: President, Henry Roberts, Boston; vice-president, W. E. Bethshares, North America, and secretary, Leon McGilton, American of Newark. W. P. Rankin, retiring president, was presented a handsome silver bread tray.

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Wade, State of Pennsylvania, was presented a handsome past M. L. G. pin. He organized and installed the Memphis puddle. The Tennessee pond now has 133 members.

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The **Mississippi Blue Goose** will hold its annual meeting at Brown Wells Saturday.

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Opens Thursday Afternoon

The convention will open Thursday afternoon with Mayor Chapman and W. S. Rosenheim, managing director of the chamber of commerce, delivering the addresses of welcome. R. P. DeVan, mayor of Charleston and past president of the National association, will respond. The business session will follow with reports from W. F. Alexander, Charleston, state president, and Mr. Justice. The visitors will be guests of the local board of underwriters at a dinner Thursday evening. The convention will be concluded Friday afternoon by a round table discussion and election of officers.

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MILWAUKEE

212 W. Wisconsin Ave.,
C. M. LATTA, *Manager*

NEWARK

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CARLTON HINES, *Manager*

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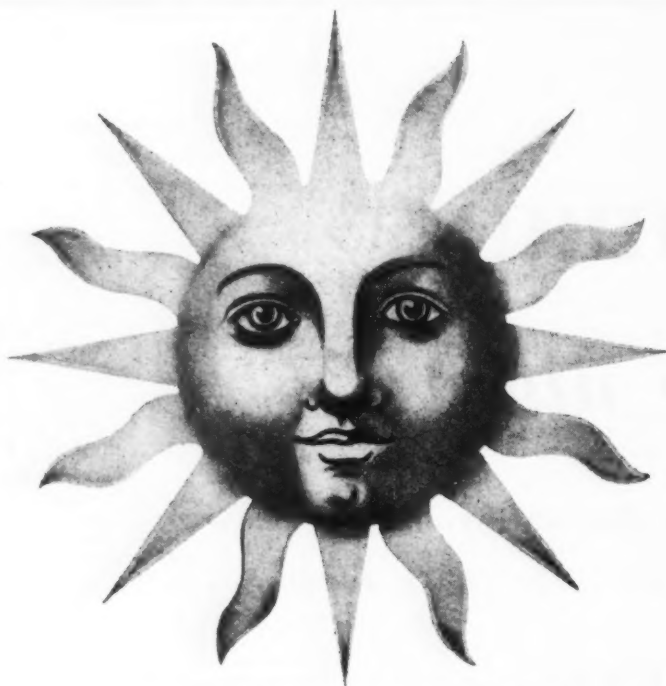
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INSURANCE IS AS OLD AS THE SUN

Keep Your Face Toward the Sun and the Shadows Will Fall Behind You

SUN INSURANCE OFFICE

Limited of London

Established 1710—The Oldest Fire Insurance Company in the World

The SUN of London, established in 1710, (the oldest insurance company in the world) stands out as one of the world's greatest institutions.

The Patriotic Insurance Co. of America, established January 1, 1923, is growing lustily and is entirely at the service of our agents.

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SALESMEN'S FLOATER
YACHT AND MOTOR BOAT
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ALL RISK PERSONAL FURS
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Wrigley Building, Chicago
John F. Stafford, Manager

PACIFIC COAST DEPARTMENT
San Francisco, Cal.
Carl A. Henry, General Agent

MARINE DEPARTMENT
11 South William St., New York
Wm. H. McGee & Co., Inc.,
General Agents

SUN INDEMNITY COMPANY
55 Fifth Ave., New York
F. I. P. Callos, President

Tips on Agency Cooperation with Adjusters Are Given

WISE SPEAKS AT HASTINGS

Western Adjustment Branch Manager
Addresses Nebraska Agents Association at Annual Meeting

Tips on cooperation which agents can profitably give adjusters were the highlights of the talk of Gus M. Wise, Lincoln, Neb., branch manager of the Western Adjustment, at the Hastings, Neb., convention of the Nebraska Association of Insurance Agents this week.

"There never has been a time in the insurance business when there was a greater need for absolute cooperation between the local agent, the field man and the adjuster, in the adjustment of insurance losses," he said. "There has never been a time when it has been more necessary for the local agent to cooperate and assist the adjuster in an equitable adjustment of a loss than at present."

Makes Frank Criticism

He frankly criticized local agents as a class for contributing to the problem of over-payment on small losses. The agents handle these to a large extent. Mr. Wise said there is nothing which harms insurance so much as this over-payment on small claims. Although the assured may be pleased to get more than he deserves, yet his confidence in the business is lessened.

"You fail in accomplishing the very purpose for which you made the lax adjustment and on the other hand, when this same assured is unfortunate in having a loss of considerable consequence, you make it doubly difficult for the experienced adjuster to effect an equitable settlement," Mr. Wise said.

Cites Case in Illustration

He cited an instance of lack of cooperation on an automobile loss under full coverage collision, by an agent who first expressed his desire to cooperate and at the same time advised of the importance of this insured's account. In order to assist the agent in giving the assured prompt service, Mr. Wise said, the adjuster went to the garage where the car had been towed, looked over the car and asked the shop foreman to prepare an estimate. The foreman laughed and said, "We have already prepared an estimate at the request of Mr. Agent," and on looking over the estimate and questioning the foreman, he finally admitted that this agent had asked him to pad the estimate \$25. The amount was finally deducted, but only after considerable difficulty, for the agent had already advised the insured of the amount he should receive.

Assureds Often Not Advised

"One of the greatest difficulties we encounter in the adjustment of losses is the failure of the agent to fully advise the insured as to his coverage and as to restrictive clauses. As an example, under windstorm policies the coverage on damage to plate glass is limited to that percent that the total amount of tornado insurance bears to the total value of the building.

"How many of you in placing tornado insurance on mercantile buildings, advise the insured that unless he carries tornado insurance to the extent of 100 percent of the value of the building, he will not receive full compensation for the breakage of plate glass by wind? Very few if any insureds are aware of this situation until they have had windstorm damage to plate glass and then the adjuster, so to speak, is the 'goat.'

"How many of you in delivering your policies to the insureds take up with them the question of a depreciation in the event of loss? In my experience, I would say very few, and I am not saying this to criticize.

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E. C. FRENCH, Vice President

CHANGES IN THE FIELD

Vooris Assistant Secretary

Yorkshire Group Announces Changes Following Promotion of the New Jersey Special Agent

A series of changes in the field staff of the Yorkshire, London & Provincial, Seaboard F. & M. and the Yorkshire Indemnity, include the promotion of C. A. Vooris from New Jersey special agent to assistant secretary of the related institutions and his transfer to the head office; the appointment of Allan Hay as his successor in the New Jersey field, and the selection of C. H. Bissell as special agent in eastern Pennsylvania exclusive of Philadelphia suburban, with headquarters in Harrisburg. J. F. O'Connor, who heretofore had jurisdiction over the entire Keystone state, will now concentrate on the territory not covered by Mr. Bissell. The Philadelphia section remains under the control of Special Agent G. F. Dillon. Mr. Vooris has been connected with the Yorkshire organization for a number of years, both in office and field. Prior to joining the staff Mr. Hay was special agent for the Royal in New Jersey.

A. F. Raynsford to Minnesota

To Travel in Northwest for Constitution Indemnity and Other Fire Association Companies

A. F. Raynsford, who for three years has been payroll auditor and special agent for the Constitution Indemnity, has been appointed special agent for the Fire Association group, including the Constitution, with headquarters at Minneapolis. He will travel Minnesota and portions of adjacent states in association with Minnesota State Agent R. W. Schimmel and Special Agent E. O. Allen.

Agricultural Divides Field

The Agricultural has decided to split the Kentucky and Tennessee territory, withdrawing Kenneth E. Chapman, Kentucky-Tennessee state agent, who will return to the home office. Kentucky will be placed under L. E. Tanner of Indianapolis, Indiana state agent, and Tennessee will be added to the territory of N. B. Browne of Atlanta. Mr. Chapman went to Kentucky from the home office about three years ago.

James Reed

James Reed, who has been with the Indiana Audit Bureau at Indianapolis for some time, has been appointed special agent for the Merchants Fire of Denver. He is a graduate of Armour Institute and formerly was with the Mountain States Inspection Bureau.

Frank Zelif

Frank Zelif, formerly special agent for the American Eagle, has been appointed special agent for the Will S. Eberle general agency of Oklahoma City.

Go on Brokerage Basis

In some of the large cities, agents who are having a difficult time to pull through the depression are finding it necessary and desirable to become brokers. The overhead expense has been eating them up. They found themselves behind with their company balances and after due consideration felt that it was far more economical to become brokers. Some of these have attached themselves to branch offices and others have gone with larger agencies.

J. S. McHugh Promoted

Iowa State Agent of the Hartford Fire Becomes Superintendent at Western Office

J. S. McHugh, Iowa state agent of the Hartford Fire, is being called to the western department at Chicago to be

superintendent, assisting in the production and underwriting department. He was formerly connected with the head office of the Citizens at St. Louis. When the Citizens was moved to Chicago to be under joint jurisdiction with the Hartford, February, 1911, Mr. McHugh went with it and was an examiner. About 17 years ago he went to Iowa, first as assistant to State Agent B. F. Hough. On Mr. Hough's death he became state agent. The field in Iowa will continue in charge of Special Agents Roy S. Ingram and C. D. Wherry. The Hartford will likely divide the state and may not have a state agent. The Iowa field men are giving a farewell dinner

for Mr. McHugh on the evening of June 19 in Des Moines. This farewell dinner will be attended by field men, local agents and organization folk. R. G. Vincent, state agent of the Continental at Des Moines, is in charge of the invitations. The committee in charge of the banquet is composed of Sim E. Wherry, general chairman; J. C. Stewart, chairman finance committee; W. M. Palmer, chairman banquet committee; W. A. Harvey, chairman entertainment committee, and R. G. Vincent, chairman invitation committee.

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BUSINESS INTERRUPTION INDEMNITY

VIEWED FROM NEW YORK

By GEORGE A. WATSON

YORKSHIRE OFFICIALS HERE

R. M. Hamilton, sub-manager of the Yorkshire of England, and G. E. Howard, manager of the accident department, are in this country studying general underwriting conditions here. Mr. Hamilton, who is a son of Sir James Hamilton, general manager of the Yorkshire, is en route to the Pacific Coast with F. M. Martin, manager of the U. S. branch, planning to stop at all important agency centers both on the western journey and on the return to New York City. Mr. Howard plans a trip to Montreal, shortly following which he will sail from New York City for home.

HOUSECLEANING GROUP MEETS

The special committee of the New York Fire Insurance Rating Organization, which was organized to aid in the housecleaning demanded in the ultimatum of Superintendent Van Schaick, held its first session Wednesday. Special attention was given to a memorandum of irregularities and improper practices which have been uncovered in recent investigations.

Members of the committee, who were appointed by W. J. Ward, secretary of the rating organization, are: F. E. Jenkins, Queen; James Marshall, Northern of New York; E. J. Sloan, Aetna; O. E. Lane, Fire Association; J. L. Parsons, United States Fire; Harold Warner, Royal; W. J. Reynolds, American Equitable; Montgomery Clark, Hanover; R.

P. Barbour, Northern of London; Oswald Tregaskis, Sun; E. W. Nourse, Manhattan F. & M.; W. E. Maynard, Providence Washington; P. L. Haid, Continental; Edward Milligan, Phoenix of Hartford; C. F. Shallcross, North British & Mercantile; Benjamin Rush, North America; Lyman Candee, Globe & Rutgers, and Wilfred Kurth, Home.

KRONOFF HEADS QUEENS AGENTS

E. O. Kronoff was elected president of the Queens County Association of Local Agents at the annual meeting at Jamaica. Vice-presidents are Frank O'Hara, Jackson Heights; William McGahie, Woodhaven; Charles Fuchs, College Point; Lloyd Brand, Hollis; George Campo, Forest Hill. Treasurer is Gordon Damon, Jamaica; secretary, J. E. Fries, Jamaica. The new directors are George Flynn, Jamaica; R. H. Huneke, Bayside; Herman Ringe, Ridgewood; James Brownlee, Jr., Flushing; Howard Hayden, Queens Village; W. B. Dickinson, Elmhurst.

CALL FIRE PATROL MEETING

R. P. Barbour, president of the New York Board, has called a special meeting for June 17 of all companies and associations writing fire or sprinkler leakage damage on property within the jurisdiction of the body, to pass on the assessment proposed for maintaining the fire patrol for the next two fiscal years.

L. T. Chadwick Succeeds Stead

Appointed Manager Western Canada Insurance Underwriters Association—
R. O. Taylor Is New President

R. O. Taylor, Northern of London, was elected president of the Western Canada Insurance Underwriters Association at its annual meeting at Minaki, Ontario. Resignation of A. H. S. Stead as manager was accepted and L. T. Chadwick was appointed manager. Mr. Chadwick has previously been secretary of the fire branch. H. H. Smith, National of Hartford, was elected vice-president.

The fire branch elected P. A. Codere, St. Paul F. & M., chairman; J. V. Nutter, Fireman's Fund, vice-chairman, and the following executive committee: N. J. Black, Commercial Union; W. E. Meikle, Alliance Assurance; C. E. Chandler, British America, and T. D. Harris, Employers Liability.

The automobile branch elected John

Pickering, Royal, as chairman; A. L. Ham, Canadian-Surety, vice-chairman, and the following executive committee: C. W. Bolton, Home of New York; W. B. Lowry, North America; J. J. Milne, Motor Union; H. Scott, Ocean Accident; T. Hornbrook of Calgary; E. M. Whately, Norwich Union, and N. Matheson, Canadian General.

HONOR PAID G. D. MARKHAM

Officials and employees of W. H. Markham & Co. of St. Louis surprised George D. Markham, head of the agency, with an oil painting of himself as a memento marking his 50th year with the agency, founded by his father, W. H. Markham, who died in 1901.

Mr. Markham is now 72 years old and entered the employ of his father's insurance agency in September, 1881, a few months after graduation from Harvard. His entire business career has been with W. H. Markham & Co.

The Chesapeake Blue Goose will hold its annual outing June 13.

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Minneapolis, Minnesota

Walter C. Leach, President John D. M. McMillan, Vice-Pres.
A. C. Holmgren, Secretary

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WANTED

Bookkeeper and Cashier in local fire insurance office. One thoroughly capable of making trial balance and financial statement. State age; salary and experience. Apply in own hand writing. Address T-72, The National Underwriter.

Georgia Agents Hold Convention

(CONTINUED FROM PAGE 5)

agents, he said, were bred to a great extent by the writing of so-called jumbos.

Where an agent had 10 companies to take care of his business the underwriting practices of companies were now such that the same liability on the jumbo lines could be assumed by six companies, thereby causing the agent to throw out four companies which in order to be fed started new agents in the business. His parting message was to work a little harder, know your business and the problems of the future would be solved.

The afternoon session was an executive one for members only. Under the head of mixed agencies the discussion was led by Sidney O. Smith, Georgia national councillor. Legislation past and prospective was touched on by Dan I. MacIntyre; branch offices, fire and casualty, by Herman J. Haas, president Atlanta local board; state insurance and bonds by Fleming Law.

A meeting of the Georgia field men's conference was held Tuesday afternoon but only routine matters were taken up.

President Howard Geldert of Atlanta in his address declared that agents must be loyal to their companies and companies loyal to their agents or the whole agency system will disintegrate. The insurance business, he declared, is facing a serious situation. He defined loyalty as just plain, straight honesty.

C. G. Hine Dies

C. G. Hine, connected with the National Board for the past two years, died at his home in East Orange, N. J., Saturday. He was associated with his father, the late C. C. Hine, in the publication of "Hine's Fire Service" for many years prior to 1929, when the service was taken over by the National Board. Mr. Hine was widely known to fire underwriters the country over.

Sanborn with Detroit F. & M.

The Detroit Fire & Marine has appointed E. R. Sanborn special agent, assisting G. A. Roberts, state agent for Minnesota and Wisconsin. Mr. Sanborn will make headquarters in Milwaukee, while Mr. Roberts remains in St. Paul. Mr. Sanborn is a graduate of Armour Tech and has served as an engineer for the Milwaukee Inspection Bureau and more recently with a large Milwaukee agency.

Late News from the Casualty Field

J. S. Roberts Dies, Result of Fall in Chicago Home

J. S. Roberts, who recently retired as resident vice-president and manager of the Chicago branch office of the Continental Casualty, died Tuesday of cerebral hemorrhage from the effects of falling down the back stairs at his home the day before. He was 36 years of age and leaves a wife and two children. The funeral will be held Thursday of this week in his late home, 1402 Chase avenue, Chicago. Mr. Roberts had been with the Continental Casualty seven years, entering its employ as assistant superintendent of agents and establishing its branch office in 1924. He started his career with the Aetna Life in Chicago, then went to the Preferred Accident, working in the field. Later he took charge of the accident and health department of the Employers Liability in its Chicago office. He built up the Chicago branch office of the Continental Casualty from scratch and did a magnificent piece of work. He broke down

under the strain and had not been in good health for the last couple of years. He had to relinquish his position early in April when he was given an extended leave of absence.

Organizations Have Picnic

Plans are under way for the "First Annual Insurance Funday" in Michigan. Three associations, the Casualty & Surety Field Club of Michigan, the Detroit Association of Insurance Agents and the Surety Association of Michigan, will join in a picnic and jollification at Oxley Beach, Ont., June 19.

The afternoon will be devoted to athletic contests and a ball game between company representatives and agents. A. S. Cowlin, manager Detroit office National Bureau of Casualty & Surety Underwriters, has been appointed general chairman, with Thomas Griffin, branch manager National Surety, and J. L. Dickinson, Dickinson Insurance Agency, representing the other associations.

Adjusters Plan Outing

The Casualty Adjusters Association of Chicago will hold an outing June 18 at the Biltmore country club, Barrington, Ill. It will be all day, with lunch and dinner at the club, President R. T. Luce

and F. Baldwin, chairman program committee announce.

Three States Get Increase

Workmen's compensation rates will be increased June 30 in Illinois 4 percent, in Indiana 5.3 percent and in Iowa 8.5 percent owing to a general revision.

Mackall as Consultant

Luther E. Mackall, who has been connected with a number of surety companies as an executive and underwriter, has opened an office at 27 William street, New York, as consultant in fidelity and surety problems.

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AS SEEN FROM CHICAGO

COMMENTS ON HUPP ACTION

A local agent writes THE NATIONAL UNDERWRITER stating that he has read with interest the announcement that the Hupp Motor Car Corporation of Detroit has switched its insurance from the mutuals to stock companies and sees in this action considerable significance. The automobile manufacturers, in his opinion, are very much like stock insurance companies. Both are seeking profit on

invested capital. Both employ agents and are anxious to reward them for service rendered. This is added to the cost of the finished product. The agent of the automobile company and the agent of the fire company in his vicinity are service men following pretty much the same line of procedure. The right of invested capital to earn a profit, this agent says, should be recognized. The right of an agent, whether he represents

an insurance company or an automobile manufacturer, to earn a commission, should also be recognized. This is equity and justice. This agent declares that it is consistent for large corporations of this character to pursue a course similar to the Hupp. This agent feels that President DuBoise Young of the Hupp corporation has a vision and his action should be emulated.

UNUSUAL AUTO THEFT

J. J. Fillo, assistant examiner in the western department of the Great American, has been the victim of much joshing from his associates because of an unusual automobile theft loss that he

suffered. The crank case was taken from his automobile, while it was parked in front of his home one night. He was insured in the Great American and was reimbursed under the theft item. His colleagues maintained that the crank case was stolen while Mr. Fillo was sleeping in the car.

LAW FIRM MOVES

The Chicago law firm of Silber, Isaacs, Silber & Woley is moving its offices from 137 South La Salle St. to 1032, 208 South La Salle St. It specializes in the law of insurance and taxation, and is counsel for the Western Insurance Bureau.

BANK AGENCIES INVOLVED

Many of the 18 outlying banks which closed their doors in Chicago Monday and Tuesday conducted insurance agencies. They were considered by the companies to be the best agents outside the loop and through their loaning operations controlled much desirable business. They were prompt in the payment of their balances to the companies.

Until the atmosphere is cleared, it is impossible to know the status of these banks and their insurance agency operations. They were closed before heavy withdrawals set in and it is entirely likely that if they are liquidated, the companies will get their balances in full. When public confidence is restored, some of the banks may be re-organized and reopened. The question of whether premiums collected by the bank agency and deposited in the bank are preferred claims will be at issue, as it has been in the various other parts of the country where there have been bank failures. The contention of the companies is that premiums collected by the bank agency and deposited in the bank never become the property of the bank but remain the property of the company. They contend that the agent receives payment of premiums in a fiduciary capacity and that the bank receives the premiums from the insurance agent for deposit with knowledge of their trust character. The Michigan supreme court recently upheld that contention in the case of Frank F. Glerum vs. James L. Spencer.

STREET IN BANK SESSIONS

C. R. Street, vice-president Great American, was one of the participants in the day and night week-end session of bankers in Chicago, which was necessitated by a crisis in the affairs of the Foreman banks. Mr. Street is a director and member of the executive committee of the National Bank of the Republic, which has been in negotiation for some time with the Central Trust Company as to a consolidation scheme. It was deemed opportune at this time, when the First National Bank is taking over the Foreman bank for the Central Trust and the National Bank of the Republic to get together. A new bank is being formed—the Central Republic Bank & Trust Co.—to embody the two institutions.

LOSS ASSOCIATION MEETING

The Western Loss Association will meet at the Brevoort Hotel, Chicago, June 16. This will be the last meeting of the season.

W. B. Flickinger, assistant western manager of the North America group, is spending the week in Tennessee and will be in Kentucky and Indiana next week.

With Aetna 40 Years

W. L. Perry, agency supervisor, Canadian department Aetna of Hartford, celebrated the 40th anniversary of his connection with the company last week.

Sommers in West

Paul B. Sommers, vice-president of the American of Newark, is spending a week at the company's western office at Rockford, Ill.

Special Agent

Hjermstad

says



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MINNEAPOLIS, MINNESOTA

NEWS OF THE COMPANIES

Record of Royal Gratifying

Chairman A. A. Paton Reviews Satisfactory Year at Annual Meeting in Liverpool

Condemnation of the practice of originating companies taking advantage of their reinsurance facilities in the marine business was contained in the annual address of Chairman A. A. Paton to shareholders at the annual meeting of the Royal in Liverpool. Mr. Paton commented on the failure of several old established continental companies during the year, pointing out that this was caused to a large extent by losses under marine reinsurance contracts. The loss of these companies, he observed, narrows the reinsurance market and as a result more attention should be given original rates.

The Royal results for the year were satisfactory despite a shrinkage of £376,000 in the company's fire premiums due to reduced income in the United States. Underwriting profits transferred to profit and loss from the various accounts were: fire, £446,690; marine, £46,464; personal accident, £7,253; employers liability, £32,325; general insurances, including casualty and surety business of the subsidiaries, £172,593; shareholders' proportion of life profits, £40,000; total, £745,237. Interest and rents amounted to £1,374,838, which covered 95 percent of the £1,440,420 contributed as dividends to shareholders and interest on debenture capital.

London & Lancashire Figures

The London & Lancashire home office statement showed last year net fire premiums of £3,223,834 as compared with £3,410,038 the year before. The losses paid were £1,548,293. The fire funds amount to £3,690,000. The marine premiums last year were £1,268,515 as compared with £1,489,096 the previous year. The losses were £995,057. The marine funds are £1,407,500. The accident premiums were £2,358,342 as compared with £2,455,735. The losses were £1,353,078. The accident funds are now £1,743,500. The total funds of the London & Lancashire including life are £22,645,351.

To Have Modest Expansion

Vice-President Edward Wright of the Industrial of Dallas states that while G. A. Mavon & Co. of Chicago have been appointed general agents for Illinois, it does not intend to pursue an aggressive course for business outside of Texas. Illinois will be developed in a modest way. The company recently entered Louisiana to qualify for reinsurance.

Merger Up to N. Y. Department

The proposed merger of the Germanic Fire and the American Merchant Marine is now before the New York department for approval. Consolidation was approved at a special meeting of the stockholders of the two companies.

Alyea Reciprocal Quits

The Alyea Fire & Aviation Insurance Association, a reciprocal of El Paso, Ill., is retiring from business due to insufficient volume and spread. C. J. Alyea was manager. It had assets of \$52,162, surplus \$48,344. Its premiums last year were \$3,027.

Reserve Is Additional

In the 1931 Argus Fire Charts the Northwestern Mutual Fire of Seattle has been credited with \$933,758 surplus to policyholders and in a footnote it is stated that this includes a \$75,000 contingency reserve. This was a mistake,

as the contingency reserve is in addition to the surplus.

Central to Expand

BALTIMORE, June 10.—Application to write business in Wisconsin, Oregon, Idaho and Montana has been made by the Central Fire of Maryland. Wisconsin will be handled through the western department at Chicago and Oregon, Idaho and Montana written

through the Pacific Coast department at San Francisco.

Hartford Has Extra Dividend

An extra dividend of 40 cents a share and the regular dividend of 50 cents a share have been declared by the Hartford Fire. The special dividend is a distribution of dividends received from the Hartford Accident.

Miscellaneous Company Notes

The Atlantic Mutual of New York has been licensed in New Jersey. The Pacific American Fire of Los Angeles and the American General of

Houston, Tex., have been licensed in Montana.

The Kansas City Fire & Marine has been licensed in Ohio.

The Standard Fire of New Jersey has been admitted to South Carolina.

The Pacific American Fire of Los Angeles has been admitted to Utah.

The California Union has been licensed in Ohio.

The American Equitable of New York has been licensed in Canada with J. A. Blondeau of Montreal as Canadian chief agent.

H. A. Moodie has been appointed New York City manager of the National Union Fire. He has been connected with the New York office of W. B. Brandt & Co.

Is PEPper Seasoning?

Pepper is something most of us use as seasoning, to lend snap and zest to our food. It may help the flavor though it won't make it.

It takes years to season an insurance company. Pep may help but it won't take the place of time.

The Ohio Farmers has been seasoned by time. Since 1848, a rich flavor of sound underwriting practices, helpful, necessary service, and man-style understanding of everyday problems has been added to a basically tasty dish.

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Formerly THE WESTERN UNDERWRITER

Published every Thursday by THE NATIONAL UNDERWRITER COMPANY, Chicago, Cincinnati, and New York. EDWARD J. WOHLGEMUTH, President; JOHN F. WOHLGEMUTH, Secretary; HOWARD J. BURRIDGE, Vice President and General Manager; NORA VINCENT PAUL, Vice-President; WILLIAM A. SCANLON, GEORGE C. ROEDING and O. E. SCHWARTZ, Associate Managers

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PUBLICATION OFFICE, 1946 Insurance Exchange, CHICAGO. Telephone Wabash 2704
CINCINNATI OFFICE, 420 E. Fourth St., Telephone Main 5781. RALPH E. RICHMAN, Manager
ABNER THORP, JR., Director Life Insurance Service Dept.

NEW YORK OFFICE
803-123 William St., Tel. Beekman 3-3958
GEORGE A. WATSON, Associate Editor

DETROIT OFFICE
1015 Transportation Bldg., Tel. Randolph 3994
J. A. PETERS, Resident Manager

SOUTHEASTERN OFFICE—ATLANTA, GA.
1517 First National Bank Building
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NEW ENGLAND OFFICE
139 Summer St., Weymouth, Mass., Tel. Weymouth 2158-R. J. M. DEMPSEY, Resident Manager
Entered as Second-class Matter April 28, 1928, at Post Office at Chicago, Ill., Under Act, March 3, 1879

Subscription Price \$4.00 a year; in Canada, \$5.00 a year. Single Copies 20 cents.
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Associated
Business Papers



Accident and Health Business

A LARGE part of the responsibility for failure of the accident and health business to make that constant increase in premiums which it should must be placed on the executives in this field. There has been too little recognition that individualistic methods designed to gain an advantage for one company as against another result in losing more for all than any one can possibly gain. The constant pulling and hauling among the various companies is very confusing to the agent, more confusing to the insuring public and in the end the gain of any individual company is nullified by the effect upon the whole.

In speaking of the responsibility of executives for the lack of progress in accident and health insurance, we do not have in mind underwriting problems now uppermost. Certain of these have arisen by reason of changes over which executives have no control. However, a failure to arrive at some unified conclusion in solving these present day underwriting problems is an indictment of the business and those who conduct it. For the accident and health business can never keep step in the insurance procession with the present competitive methods in the field of policy construction instead of competition in the field of selling.

When changes in policies must be made to keep pace with the changed conditions, the business would be greatly benefited if these changes could be made in a uniform way for all carriers. While changes of the future will no doubt require additional adjustments which can not now be foreseen, still these are not likely to be so radical as are those called for today. It is the opinion of observers in the field of science and sociology that the changes in transportation, methods of living and all like factors will not be so violent in the next 20

years as they have in the past 20. Changes of the next 20 years are likely to be affected more by ideas in the field of political and economic control than in the field of technological advances, according to these observers. If such observations are correct, a reasonable adjustment to present conditions ought to set the stage for a few years at least.

At the very time when the thought of security is uppermost in the minds of the people, for the first time in many years, the accident and health companies are in about the poorest position of a decade to take advantage of the situation. Adjustments because of the automobile hazards were much too long postponed and now must be made at the very moment when all other conditions are unfavorable. Paraphrasing pages in the much discussed book, "Business Adrift" by Wallace B. Donham, dean of the graduate school of business administration at Harvard, one might produce a book on accident and health insurance of the present day with much the same kind of comment. For instance, suppose this paragraph were read with a picture of accident and health insurance conditions in mind:

"To meet these situations and other like conditions, we need the leadership of far-sighted men who can think out the effects of these conditions of flux on our business and political policies and make plans which shall affect these policies. Then we need men of force who have the capacity to turn these plans into action. Not only political but business democracy is on trial and the issue of the trial may upset our institutions to an extent quite beyond prediction. The danger in our situation lies not in radical propaganda, but in lack of effective business leadership. Great problems, upon the decision of which the whole history of the future may turn,

PERSONAL SIDE OF BUSINESS

W. S. Davis, vice-president Marsh & McLennan-J. B. F. Davis & Sons, died at his home in San Francisco June 6. Mr. Davis was one of the outstanding insurance brokers on the Pacific Coast, as senior member of old firm of J. B. F. Davis & Sons, which consolidated with Marsh & McLennan two years ago. His brother, Burt L. Davis, is also a vice-president of the firm.

W. A. Holden, Wisconsin special agent Crum & Forster group, has been appointed commandant of the Wisconsin Grand Army home for veterans at Wisconsin Veterans Home, Wis.

Elliott Whitbread, solicitor for the Lawton-Byrne-Bruner Agency, St. Louis, lost his title of St. Louis district amateur golf champion last week to Bryan Winter of the North Hills Country Club.

There is talk of **R. J. Merrill** of Concord, N. H., who resigned as vice-president of the United Life & Accident of that city when it voted to reinsure in the Ohio National Life, being appointed insurance commissioner. The post has been vacant since John E. Sullivan resigned to become bank commissioner. Mr. Sullivan has been looking after both positions. Mr. Merrill was formerly insurance commissioner for three years.

Two Lincoln, Neb., women won high honors in the duplicate contract bridge tournament held in Chicago. **Mrs. M. C. Rathburn**, vice-president of the First Trust Company and **Mrs. Sam C. Waugh**, wife of the vice-president of the same company, received silver trophies. Both are well known in the insurance fraternity. The First Trust Company has a large agency at Lincoln.

James Roosevelt, son of Governor F. D. Roosevelt of New York, has been elected a vice-president and a director of the Victor de Gerard Co., insurance brokerage house of New York City, and given charge of its Boston office.

U. S. Atkinson, secretary of the Public Fire of Newark, arrived home June 7 from a month's vacation in France, the first outing he has had in a long time.

G. M. Davidson, Lincoln, Neb., secretary-treasurer Union Fire, died recently at Kirksville, Mo., after an illness of six months. He was 53 years of age.

Franklin W. Fort, vice-president and general manager Eagle Fire, will speak at the National Retail Credit Association's convention in St. Louis June 16-19.

S. Perry Holmes, well known Chicago insurance man, who was for many years one of the chief examiners in the old western department of the Continental, received word Saturday of the death of his son, Dr. Will H. Holmes of Riverside, Cal. Dr. Holmes and his wife were driving from Riverside to Los Angeles and were killed in an automobile accident. Dr. Holmes was an eye, ear and throat specialist. He was a nephew of Frank F. Holmes, Chicago local agent.

State Agent **C. D. Lasher** of the Home of New York in Indiana is particularly proud of the record made by his son John, who graduated from Park

are receiving no adequate attention. Even the mechanism of thought necessary to the rational handling of such problems is not understood. We are drifting with the tide, having no conception where it is leading us. Business is as much at fault as politics."

school, a country day institution in Indianapolis. John was on the scholastic honor roll every month of the seven years of his attendance. He won the trustee's prize for highest standing in English. He was managing editor of the "Red & Black," the school paper. He won major letters in baseball, football and basketball. He was awarded a gold baseball for athletic excellence during his school career. He was chosen by the Indianapolis "Times" sporting department for left end on the football eleven in its selected all city second team. Whether Clinton D. could have done as well in his school days is a grave question. At any rate John Lasher has made a most excellent record.

Harry H. Smith, formerly Pacific Coast manager for the Commercial Union, who retired in 1918, died at his home in Los Angeles a few days ago.

J. C. Evans, assistant secretary of the Home and in charge of its southern department, is spending his vacation with his family at his old home in Amarillo, Tex. Located in the Panhandle section and with an elevation of 2,500 feet above sea level, the city is delightfully cool even in mid-summer and is a favorite resort during the heated months. Prior to being called to an official post at the head office of the Home, Mr. Evans traveled Texas as a special agent.

J. V. Lane, assistant United States manager of the Northern of London, with Mrs. Lane, is vacationing in Europe, planning to be back in New York City within several weeks.

President **Percy H. Goodwin** of the National Association of Insurance Agents will leave his home at San Diego, Cal., after the middle of June. He will attend the meeting of the New England agents at Poland Spring, Me., June 22-24. He is slated in New York for a number of important conferences of great interest to the agency fraternity.

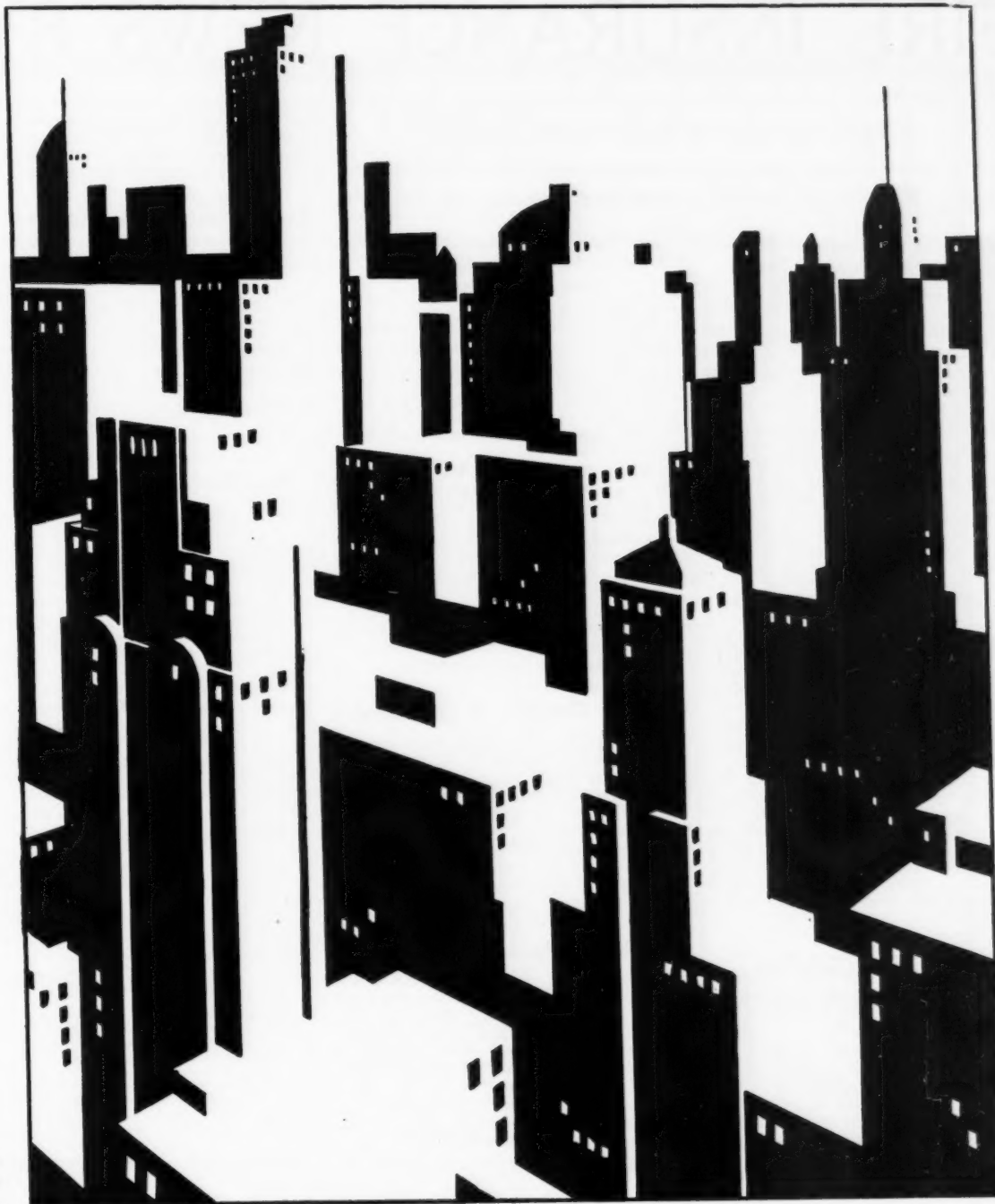
Resolutions lamenting the untimely death of **S. W. Zimmer**, president of the Petersburg and general counsel for the Virginia Insurance Rating Bureau, have been adopted by the Fire Insurance Field Club of Virginia. Mr. Zimmer was fatally injured recently in an automobile accident in Norfolk.

P. G. Wollaeger, 60, formerly in the insurance business in Milwaukee, died at his home at Los Angeles, where he had lived for the past five years. Mr. Wollaeger's father, **Gustave Wollaeger**, who died several years ago, was secretary of the Concordia Fire for many years.

Prof. C. W. Wassam, 53, of the University of Iowa college of commerce, died last week in Des Moines, Ia. Prof. Wassam was well known as a speaker and educator in insurance circles. He was professor of insurance at the University of Florida in 1928-29.

Harold E. Taylor, publicity manager of the American of Newark group, is receiving congratulations on the graphic and artistic cover of the June issue of "American Service." Mr. Taylor has an artistic sense as is brought out in his valuable house organ. In addition he assembles some very practical stuff of a business building nature. He is doing some splendid work in his position.

C. S. Conklin has resigned as vice-president of the Northern of New York. He became vice-president in 1926 when the Assurance Company of America and the Northern were consolidated. He still continues as a director.



Established in 1869, the London Guarantee is one of the oldest and strongest casualty companies in the world.

MODERN CONSTRUCTIVENESS

The London Guarantee has always conceived it to be its obligation to agents and policyholders to give staunch support to the American Agency System, to maintain an impregnable financial position and to work hand in hand with agents in meeting modern casualty insurance requirements. It is worth recording that London Guarantee agents are constantly assuming a stronger position in their respective communities.

LONDON GUARANTEE AND ACCIDENT COMPANY, LTD.
J. M. Haines, United States Manager « » Fifty-Five Fifth Avenue, New York

FIRE INSURANCE NEWS BY STATES

OHIO AND WEST VIRGINIA

Outlook No Better for 1931

Questionable Fires Increase in Ohio—
Farm Situation Again Trying
After Short Let-Up

CLEVELAND, June 10.—Last year was not a satisfactory one in Ohio from the fire insurance angle and there are indications that 1931 will be no better. Thus far merchants have stood the fire hazard pretty well, probably due to the fact that they have not had large supplies of goods on hand. However, within the last few weeks many fires of questionable character have been reported, which might indicate in the way of moral hazards, that some of the merchants are now encountering serious trouble. Up to within the last few weeks, however, losses have not been as high as expected in times of financial depression.

Since the first of the year there have been several bad tobacco fires in the Dayton sector and other fires of serious proportions have occurred in Akron, Sandusky and other cities.

The farm fire situation was bad in January. February, March and April, however, showed up pretty well, but losses began to crop up again in May and the rate of farm fires has been rather rapid in June thus far. One gratifying thing is that compared with 1930, the past spring has not produced any particularly serious tornado losses. Throughout the state, fires in dwellings have been numerous since the first of the year.

Cleveland Auto Club Not Concerned with Insurance

CLEVELAND, June 10.—As expressed by Fred Caley, secretary, the Cleveland Automobile Club is in no way interested in entering the insurance business. "We have no quarrel with clubs in the insurance business," he said, "but the Cleveland club prefers to stay out. There has been practically no demand for such a thing from any of the members here, and furthermore our club, covering Cuyahoga county, has probably between 1,200 and 1,500 men engaged in the insurance business either directly or indirectly. Insurance is a commodity to be bought and sold in the open market. We would not attempt to furnish cut-rate insurance any more than we would tires or automobile accessories."

Having just returned from the A.A.A. convention, he stated that a number of secretaries of clubs outside of Ohio, where insurance has been in effect, express a doubt as to whether an insurance exchange is an asset or a liability to the club.

Canton Club Sets Record

The Insurance Club of Canton, O., at its meeting last week had the largest attendance ever recorded. All members signed the new constitution.

Presiding as chairman was L. E. Booth, president of the club. W. E. Flickinger of the executive committee of the Ohio Association of Insurance Agents and S. J. Horton, secretary of the Insurance Board of Cleveland, were invited guest speakers. Mr. Flickinger outlined methods of practical cooperation between the state association and the local club. Mr. Horton discussed local constitutions and their relation to the problems of insurance business.

Another Expense Is Saddled

Ohio House Finance Committee Throws
Burden for Printing and Distribu-
tion on Fire Marshal

The Ohio house finance committee took out of the appropriation bill an item of \$11,000 which had been placed there for printing, "Dangers and Chemistry of Fire," the publication and distribution of which is required by state statute. Since it is understood that funds for printing and distributing this book are to come from the taxes paid for the state fire marshal department, it has been suggested by some that companies should some day bring court action against payment of the fire marshal tax on the ground that the money was not being spent for the purpose designated in the statute. Every time the legislature diverts any of the state fire marshal tax fund into the general fund, certainly the spirit, if not the letter of the law is being violated.

Dayton Chamber of Commerce

A resolution was adopted at a recent meeting of the Dayton, O., Safety Council whereby it will become a full-fledged part of the Dayton chamber of commerce July 1. It is expected that the school of industrial safety, the fire prevention school and other activities conducted during the past year will be continued during the next fiscal year by the chamber of commerce.

Ruling on Automobile Fleets

Superintendent Warner of Ohio this week handed down an opinion on insuring automobile fleets. Judge Warner says the question is not a new one in Ohio, and cites various opinions to uphold his ruling to the effect that "an owner may not include in his fleet of automobiles the privately owned cars of his employees at fleet rates, unless the employee's car is used in the business of

the employer. If the employee's car is so used, the employer may obtain complete protection against public liability and property damage by means of a contingent liability policy."

Responsibility Pledge Approved

CLEVELAND, O., June 10.—Responsibility pledges from the National Association of Insurance Agents, now being received here, are finding a wide support. The subject is being discussed freely and many have signed to support the executive committee's actions. Several calls have been received by local board offices advising of the action of members in doing so. A large premium representation is expected from this locality.

Map Reciprocity Program

CLEVELAND, O., June 10.—A special committee has been appointed by the Insurance Board of Cleveland for effective application of the principal of reciprocity in business. A trial in Cleveland has shown considerable benefits from reciprocal steps. Further reports on the subject will be made by the new committee. C. O. Ransom, vice-president of the board, talked on this subject before the Elyria board last week.

The Cleveland Board has renewed its Class A membership in the National Safety Council. The board has taken this action for many years past in behalf of the agencies which comprise its membership.

Will Meet at Cedar Point

President J. E. Greenwood of the Ohio Association of Insurance Agents announces that the annual convention this year will be held at Cedar Point the week of Aug. 10. The days of the meeting have not yet been decided.

Ohio Notes

T. Kenneth Boyd, Ohio state agent of the Westchester, is the happy father of a son, born a few days ago.

The Fairfield Insurance Agency, Lancaster, O., has been purchased by R. W. Parks from M. H. Sabner, who will devote his attention to life insurance. Mr. Parks was formerly in the clothing business. The agency was established in 1923.

CENTRAL WESTERN STATES

Claim Bureau Fee Is Illegal

Commissioner Kidd Upholds Reciprocal's
Charge Against Indiana Inspection
Office's Fee Practices

INDIANAPOLIS, June 10.—Several New York reciprocals, at a hearing before Commissioner Kidd of Indiana last week, complained that the Indiana Inspection Bureau is illegally charging its members an annual initial fee of \$150 and asked relief through the insurance department. Commissioner Kidd has sustained the charge "unless and until it is conclusively shown that a specified 'rate constant,' which, when applied in connection with an annual minimum service charge of less than \$150 to the net annual premium income of each member company, would produce an equitable or proportionate distribution of the bureau's annual expense."

Expense Proportionately Greater

It was held that the expense of a rating bureau of servicing a member company with annual net premiums, for example, of only \$100 is proportionately greater than it would be to service a company having annual net premiums of

\$100,000. Quoting from the line of argument which led to the decision of the commissioner: "If a bureau had 100 member companies producing annual net premiums of only \$100 each, and one member company producing annual net premiums of \$100,000 it would not be equitable for the bureau to apply to the 101 member companies, for service expense, the same rate per \$100 of net annual premiums.

"There is, however, a point between a \$100 annual net premium income and a \$100,000 net annual premium income where the rate per \$100 for service expense becomes 'constant.'"

The act under which the bureau operates also provides that, "after the expenses have been provided for by an assessment on the individual member companies in proportion to the net premiums involved, there may be added a reasonable annual fee not exceeding \$25.

Discourages Annual Fee

"It will be the policy of this department," Commissioner Kidd's ruling states in this connection, "to discourage the collection of an annual fee. The employment of an equitable minimum service charge is desirable and not contrary to law."

The reciprocal interests were repre-

sented at the hearing by T. S. McMurray, Jr., and S. A. Coulter, while the inspection bureau was represented by E. M. Sellers, R. H. Hobbs and C. C. Wysong. Mr. McMurray and Mr. Wysong are former commissioners.

As the same point is understood to be pending in a number of other states it is believed this ruling will have some bearing on their action.

Form New Local Boards at La Porte and Wabash, Ind.

INDIANAPOLIS, June 10.—A special campaign is on in Indiana to organize new local boards. At La Porte, a board has been organized with T. E. Carver as president; vice-president, C. C. Johnson, Kistler & Johnson; secretary, M. E. Siljestrom; treasurer, W. P. Fogle. It starts with 15 members.

E. O. Ebbinghouse is president of a new board at Wabash. Interest is aroused in favor of a board at Bloomington, and this week an organization is to be perfected at Kokomo. F. A. Tedford, LaFayette, president Indiana Association of Insurance Agents, and J. W. Stickney, Indianapolis, have been assisting in the formation of the new boards.

Reports on Illinois Cities

At Danville, Ill., the National Fire Protection Association reports that the fire prevention committee is working for civil service in the fire department and creation of an inspection bureau.

At East St. Louis a two mill levy for fire department improvements has been approved.

At Springfield the engineers report revived interest in fire prevention work. A fire department drill school will be started during the summer.

East Grand Rapids Rates Reduced

GRAND RAPIDS, MICH., June 10.—The Michigan Inspection Bureau has reduced basic fire rates in East Grand Rapids from 65 to 45 cents per \$100, putting them practically on a par with those in Grand Rapids proper. The suburb has recently installed a modern fire alarm system and has considerably increased the efficiency of its fire department, which warranted a better classification.

Indiana Field Meetings Monday

The annual meeting of the Fire Underwriters Association of Indiana will be held in Indianapolis next Monday morning and the annual meeting of the Indiana Blue Goose will be held in the evening following a dinner at Broadmoor Country Club.

Maryland Gets Flint Bonds

FLINT, MICH., June 10.—The Maryland Casualty has been awarded the contract for bonds on all city officials and bonded employees for the coming year. The coverage totals \$543,000, of which \$210,000 is on the city treasurer. The Flint Association of Insurance Agents was allowed to pro-rate the business the past year but the Maryland Casualty's premium bid of \$2,975 was below that of the association the previous year, when the premium was \$3,020.

Michigan Agencies Incorporate

LANSING, MICH., June 10.—Michigan agencies incorporated the past week included Willette & Hughes, Detroit, by G. A. Hughes, F. J. Willette and E. L. Dwyer; Leitch Smith Corporation, Detroit, by F. C. Leitch, Helen G. Thomas and W. S. Smith; Alward Cor-

LOYALTY GROUP

TRUE OPTIMISM

True Optimism is Faith; Faith in Humanity; Faith in the Nation; Faith in its Institutions; Faith in Yourself; Faith in the Present; and Faith in the Future.

False Optimism is Hope based on Desire.

Pessimism is compounded of lack of Faith in all that True Optimism is founded upon, and is acknowledgment of unbelief in self, too often coupled with the wish to profit through the misfortunes of others.

History, that Just Judge of Humanity, reads the record and inexorably records the verdict.

The Verdict is, always has been, and always will be that True Optimism is justified and its results proven; that False Optimism cannot last because of its unsound foundation; and that Pessimism cannot prevail, but must ever fail because of its inherent untruth and viciousness.

History records that the world progressed, and was in every way better and more prosperous in the year 100 than in the year 1 A. D. History records that the world progressed, and was in every way better and more prosperous in the year 1000 than in the year 100 A. D. History records that the world progressed, and was in every way better and more prosperous in the year 1900 than in the year 1000 A. D., and History will continue to record the progress of the world, and this record will show the year 2000 in every way better and more prosperous than the year 1900 A. D. It is reasonable to believe, and it is wise to believe, and most people do believe that the year 1931 will be in every way better and more prosperous than the year 1930. Voice, therefore, your belief by word and act and aid it to come true in fullest measure.

Almost two thousand years ago a wise teacher and leader of men said:

"Now Faith is the substance of things hoped for, the evidence of things not seen".

Today Faith is as then. Today, as then, True Optimism is Faith. Thinking men must be and are True Optimists. That individuals have suffered misfortunes in the past and many have succumbed, and that individuals will suffer misfortunes in the future and more will succumb, cannot be denied, but such misfortunes, however hard for the individuals, are after all individual misfortunes and will not, in fact cannot stay the world march of progress and prosperity.

Do not be ashamed of your True Optimism, and do not be afraid to express it because you fear some pessimist may ridicule it and tell you that some day he will say "I told you so". Have courage and make known your True Optimism by voice and deed; make known your Faith in Humanity; make known your Faith in your Nation; make known your Faith in the Future; make known your Faith in Yourself; and make known your Faith that the tide has turned and that Prosperity has its hand stretched to knock at the door, and will surely enter if we but heed it, instead of harkening to cowardly fear.

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NEAL BASSETT, President
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Ass't Managers
H. R. M. SMITH
JAMES SMITH FRED. W. SULLIVAN

EASTERN DEPARTMENT
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Newark, New Jersey
CANADIAN DEPARTMENT
461-467 Bay St., Toronto, Canada
MASSIE & RENWICK, Ltd., Managers

PACIFIC DEPARTMENT
San Francisco, California
60 Sansome Street
W. W. & E. G. POTTER, Managers
Ass't Managers
JOHN R. COONEY CHAS. H. GATCHEL

LOYAL TO PRINCIPLE—TO LOYAL AGENTS, LOYAL

poration, Detroit, by F. M. Sibley, Mabel E. Sibley and H. H. Berger; Bolla & Son, Detroit, by Emma Bolla, Albert Bolla and Michael Toth, and Frank C. Wood & Co., Pontiac, by F. C. Wood, Verna Wood and B. B. Bower.

Detroit Agent's License Revoked

LANSING, MICH., June 10.—Following a hearing Commissioner Livingston has revoked the license of W. J. B. Thomas, operating an agency in Detroit known as the American Brokers Corporation. The commissioner found Thomas an unfit person to represent companies in this state. The agency was licensed for a dozen or more carriers and had been writing all lines. Thomas formerly operated the Union Agency.

Welch Again Salvage Head

INDIANAPOLIS, June 10.—Election of officers of the Indianapolis Salvage Corps resulted in reelection of J. R. Welch as president; E. H. Forry, sec-

retary, and Harry Cushwa as treasurer. J. W. Noble was elected vice-president, succeeding D. P. Barrett, who resigned from the executive committee to avoid duplication of company representation. C. O. Bray succeeded Mr. Barrett as executive committeeman. William Curran is superintendent.

Opens Marion Office

R. D. Denton, Fort Wayne, Ind., automobile and casualty adjuster, has opened an office at 411 Glass Block, Marion, Ind.

O. J. Stephen, Joliet, Dies

Oscar J. Stephen of the agency bearing his name in Joliet, Illinois, died last Saturday. Mr. Stephen had been in the local agency business for 20 years or more and represented a group of strong first string companies.

Michigan agencies just incorporated are **Community Builders**, Monroe, by F. W. McCourt, W. W. Dussia and Julia McCourt, and the **Arthur Storm Co.**, Detroit, by A. S. Storm, F. A. Storm and F. M. Allen.

dent of the corporation. Other officers are D. L. O'Connor, New Rockford, vice-president; E. H. Burke, Edmore, treasurer; E. P. Christianson, Minot; William Euckert, Beach; George Schwartz, Mott; and J. M. Lloyd, Fessenden, directors.

South Dakota General Agents

Western Manager Casper of the Eagle Star and British Dominions was in Sioux Falls, S. D., last week arranging with Hollister, Dux & Hollister to become general agents of the company in South Dakota.

Debate Whitefish Bay Rates

Committees from Whitefish Bay and Fox Point, both suburbs of Milwaukee, are to confer with the insurance commissioner shortly as to whether the fire insurance rates in Whitefish Bay would be increased if that village offers fire protection to Fox Point. Fox Point now has no definite fire protection. Whitefish Bay claims to have the lowest fire insurance rates in any municipality in the state.

Bismarck Is Inspected

During the recent two-day educational and inspection campaign conducted in Bismarck by the North Dakota Fire Prevention Association, in which 29 field men participated, 284 risks were inspected. In all, 504 defects were discovered, of which 244 were instances of

defective electric wiring. The campaign closed with a public meeting at a banquet, under the auspices of the chamber of commerce, at which Insurance Commissioner Olsness, Fire Marshal Reade and over 60 business men of Bismarck were present.

Wisconsin Bill Vetoed

MADISON, WIS., June 10.—Governor La Follette has vetoed the bill which permits cancellation for a period of six months to three years of agents' licenses if they withhold applications for policies or convert to their own use premiums paid by policyholders or premiums to be paid back to policyholders. Since such withholding of funds constitutes embezzlement, Governor La Follette believed the additional penalty too severe.

Stillwater to Be Reinspected

C. J. Lund, manager of the General Inspection Bureau, speaking before the Lions Club at Stillwater, Minn., said that a reinspection of that city would be made after the arrival of new fire fighting equipment recently ordered.

Deputy Fire Marshals Resign

ST. PAUL, June 10.—Following charges of padding expense accounts by the state comptroller, seven deputy fire marshals have resigned. J. B. Forster of New Ulm, a former deputy, was named to fill one of the vacancies.

STATES OF THE NORTHWEST

Criticise I. U. B. on Two Plans

Northwest Agents Feel Interstate Board Throttles Competition and Delays Rate Quotations

MINNEAPOLIS, June 10.—Unfavorable criticism of the Interstate Underwriters Board is particularly prevalent here and throughout the northwest. Agents are distressed principally by two features of I. U. B. operations. The first is that after one agent has obtained an application from the prospective assured, in order to get an I. U. B. rate quotation, a competing agent is automatically left out in the cold. He can't get a rate, because the first agent got the application, which is only more or less of a feeler, after all. The second agent can't talk company service to the prospect because he isn't in a position to get a rate quotation.

The agents resent this situation, feeling that the companies should not permit a condition to exist, whereunder the agent who happens to see the prospect first is protected by a wall from competitors. They feel that this is unnatural and unfair.

The second great objection to I. U. B. is the time required to get a rate

quotation. Most of the agents have a sardonic sense of humor in this connection. They will say that "six years" is the time required to get an I. U. B. rate, but it is sometimes a question of months.

The agents here are curious as to the real sentiment of company executives on the I. U. B. They feel that there has been little frank public comment from company circles, but they also feel that they must have some friends in court, since executives have been slow to champion the I. U. B. in an unqualified fashion. They are speculating as to whether substitution of the new single state multiple reporting form for the old general cover contract is a step in the direction of correcting alleged abuses in the field.

Farmers Organize Company

BISMARCK, N. D., June 10.—The Farmers Union of North Dakota has organized a company here to write automobiles, fire and tornado insurance. W. E. Matthaui, Fessenden, is secretary and manager. The company has been incorporated and application has been made to the insurance department for a license to operate in North Dakota. C. C. Talbott, Jamestown, president North Dakota Farmers Union, was elected presi-

IN THE MISSOURI VALLEY

Tax Measure Fails to Pass

Missouri House Changes Mind After Bill Had Been Signed by Governor Caulfield

JEFFERSON CITY, MO., June 10.—The Missouri house has changed its record to read that it did not pass the Nolte tax bill. The bill had passed both the senate and the house and was signed by Governor Caulfield. It provided for exemption of domestic stock insurance companies from all personal taxes, substituting the 2 percent tax on gross premiums paid by foreign companies. Proponents of the measure contended that the present taxation discriminates against the carriers.

It is held that the bill was passed by the use of a fake roll call and manipulation of records. The situation is being

investigated but nothing conclusive has been brought to light.

Lincoln Association Elects

G. E. Snuffin, manager of the Lincoln Trust Company, has been elected president of the Lincoln (Neb.) Fire, Casualty & Accident Insurance Association. The vice-president is Dean N. Sneaphen; secretary, Cecil Gates. Members of the executive committee are Theodore Kurth, A. G. Christensen and C. F. McCoy.

Thompson Testifies

JEFFERSON CITY, MO., June 10.—Superintendent Thompson testified here last week in the impeachment trial of Larry Brunk, state treasurer. The senate is seeking impeachment of Treasurer Brunk because of the sale of the Pierre Chouteau apartment house bonds to

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Missouri state depositories. Brunk contended that he received a letter from the Missouri insurance department approving these bonds for state deposits, but Superintendent Thompson testified that the letter was written by J. O. Rathbun, former deputy, four days before he was removed from office and without Superintendent Thompson's knowledge.

Jones & Sons Incorporate

KANSAS CITY, MO., June 10.—Because the corporate form is more elastic than a partnership, the R. B. Jones & Sons agency has incorporated for \$50,000 under the name of R. B. Jones & Sons, Inc. R. Bryson Jones becomes chairman of the board; Cliff C. Jones, president; Cary Jones, Morton T. Jones, Moulton Green, J. R. Sydnor and George Kerdolff, vice-presidents, and R. L. Stewart, Sr., secretary-treasurer; R. G. Barnett, general counsel, and A. E. Bolt, assistant secretary-treasurer.

St. Louis Insurance Picnic

ST. LOUIS, June 10.—Governor Caulfield and Superintendent J. B. Thompson will be the principal speakers June 11 at the picnic to be given by the insurance interests of St. Louis at the Crystal Lake Country Club. Other prominent state officials and members of the legislature from St. Louis and St. Louis county have also been invited to attend. Practically all agencies in St. Louis and the county are closing for the outing, which is being joined in by stock, mutual and reciprocal interests. The purpose of the gathering is to bring together all those connected with the insurance business for a general celebration in the interest of good fellowship and better understanding.

Changes in Sioux City

SIOUX CITY, IA., June 10.—Several changes have been made in agencies here. The McManus, Bennett, Murdoch agency has been purchased by J. G. Sibert & Son. The old established R. J. Andrews agency has been purchased by G. W. Andrews, who has also purchased the Rex Agency, consolidating them in new offices in the Badgerow building.

Nebraska Head



J. B. HILLERS, Hastings, Neb.

J. B. Hillers, well known local agent at Hastings, Neb., and head of the Hillers Insurance Agency, presided this week as president of the Nebraska Association of Insurance Agents, which held its annual meeting in his city.

Mr. Hillers went to western Nebraska at the age of 12 with his parents in 1884. He was educated in a sod school house. He entered the mercantile business later on, then took up banking and in that connection became interested in insurance. He moved to Hastings 15 years ago and established his agency. Associated with him are his son, LaMoine, and Mrs. LaMoine Hillers. He served as president of the Hastings Y. M. C. A. for six years, for nine years has been a member of the board of the Hastings chamber of commerce, and was president of the Hastings Kiwanis club. He served last year as president of the Nebraska Association of Real Estate Boards. He is active in the Methodist church and its Sunday school.

They are El Dorado, Fayetteville, Fort Smith, Hot Springs, Malvern, Pine Bluff and Stuttgart. Others eligible, but which have not filed, are Brinkley, Clarendon, Little Rock, Mena, Texarkana and Warren.

Fire Preventionists Elect June 22

The Oklahoma State Fire Prevention Association will hold a meeting just preceding the Blue Goose weekly luncheon in Oklahoma City June 22, to elect officers.

Milligan Heads Enid Board

C. M. Milligan was elected president of the Enid, Okla., local board at a recent organization meeting, with Harvey H. Deaton, secretary.

Texas Notes

C. H. Folbre has been elected a member of the San Antonio Insurance Exchange. The Fenstermaker-Goddard Insurance Agency has withdrawn its re-

signation from the exchange and re-applied for membership.

Mr. and Mrs. F. F. Ludolph of San Antonio have sent out invitations to the wedding of their daughter, Josephine Warren Ellis and J. L. Stedham II, June 16. Mr. Stedham is manager of the insurance department of Furnish & Furnish.

Oklahoma Notes

The Oklahoma City Insurance Women's Association held its annual outing Thursday evening in the form of a steak fry, attended by 20 members.

Stanley Bruce, Oklahoma state agent for the Hartford Fire, who has been ill for several weeks, took a turn for the worse and was returned to the hospital.

W. G. Hartley, formerly part owner of the Creekmore & Hartley agency of Tulsa, has sold his interest in the firm and is now connected with the Frates Company.

W. F. Stahl of Tulsa left this week for Kents Hill, Me., to attend the commencement exercises of Kents Hill seminary. Mr. Stahl was elected a trustee of the seminary some time ago, but this is his first visit to the institution.

IN THE SOUTHERN STATES

Announce Virginia Program

Local Agents Association Will Hold Its Annual Meeting at Bristol Next Week

E. W. Kelly of Bristol, president of the Virginia Association of Insurance Agents, announces the program for the annual meeting to be held at Bristol Wednesday and Thursday of next week. J. A. Scott of Lynchburg is first vice-president; E. W. Barger, Waynesboro, second vice-president; F. S. Blanton of Farmville, secretary; W. O. Wilson of Richmond, chairman executive committee. The program is as follows:

Wednesday, June 17

Address of welcome on behalf of Bristol, W. N. McAnge, president Chamber of Commerce, Bristol, Va.

Address of welcome on behalf of Bristol Insurance Board, Gen. J. F. Howell. Response, C. D. West, Newport News. Report of president, E. W. Kelly, Bristol.

Report of secretary-treasurer, F. S. Blanton, Farmville.

Use and Occupancy Insurance, C. D. Minor, superintendent special risk department L. & L. & G.

Selling the Casualty Lines, F. P. Stanley, vice-president Glens Falls Indemnity.

Address, W. B. Calhoun, chairman of executive committee National Association of Insurance Agents.

General Agency System in Fire Insurance, B. P. Carter, Richmond.

Address, Malcolm Jones, president Virginia Field Club.

Afternoon

Luncheon, 1 p. m.

(a) All agents with more than \$50,000 per year in premiums will assemble for lunch and round table discussion.

(b) All agents with less than \$50,000 per year in premiums will assemble for lunch and round table discussion.

Golf tourney 3 p. m.

Trip to Holston Mountain 3 p. m.

Banquet 7:00 p. m.

Thursday, June 18

Activities of the Insurance Bureau, Earl B. Combs, chief examiner insurance bureau.

Business session for members only of Virginia and other state associations.

Report of executive committee chairman, W. O. Wilson, Richmond.

Report of legislative committee chairman, C. J. Duke, Portsmouth.

Report of membership committee chairman, L. D. Finley, Norfolk.

Report of conservation committee chairman, J. C. Jones, Appalachia.

Report of public relations committee chairman, James J. Izard, Roanoke.

Open forum.

Unfinished business.

New business.

Report of resolutions committee, E. E. Goodwyn, Emporia.

Report of nominating committee and election of new officers, L. T. Doble, chairman, Norfolk.

Phillips Named Bureau Chief

Virginia Rating Body Holds Annual Meeting—Nolting Succeeds Zimmer as Vice Chairman

RICHMOND, VA., June 10.—A. R. Phillips, vice-president Great American, was elected chairman of the governing committee of the Virginia Insurance Rating Bureau at the annual meeting here last week. F. E. Nolting, president Virginia Fire & Marine, who has served as chairman of the committee since the creation of the bureau by the legislature three years ago, becomes vice-chairman, succeeding S. W. Zimmer, president of the Petersburg, who was fatally injured recently in an automobile accident. A subcommittee headed by Mr. Phillips was appointed to select a successor to Mr. Zimmer as general counsel for the bureau. Other members of this committee are Mr. Nolting and J. W. Clark, secretary America Fore group.

The four companies whose terms as members of the governing committee expired this year were reelected to membership. They are: Eastern Shore of Virginia, Home of New York, Globe & Rutgers and North British & Mercantile. The following special agents were elected new members of the executive committee: A. L. Owen, Philadelphia Fire & Marine; T. H. DeGraffenreid, North British & Mercantile; P. P. Lynch, Great American. E. W. Spencer will continue as manager of the bureau.

New Features Announced for North Carolina Meeting

Henry Swift Ives of New York City, representing the Association of Casualty & Surety Executives, will speak before the annual meeting of the North Carolina Association of Insurance Agents next Monday and the next day A. C. Fletcher will represent the North Carolina insurance department, as Commissioner Boney will be in Chicago attending the meeting of insurance commissioners there. One of the most important features will be the workmen's compensation report of J. W. Tisdale of Asheville which deals with the subject made by the special committee of the National Association of Insurance Agents during the year. The North Carolina association now has 273 members.

J. O. Cobb Resigns From Firm

J. O. Cobb has resigned from the firm of Cobb & Glass, managers of the Carolinas department of the Crum & Forster group. The department is now

STATES OF THE SOUTHWEST

Seek to Regain Lost Lines

Tulsa Board Starts Move to Recover Business Going to Mutuals and Reciprocals and to Eastern Brokers

TULSA, OKLA., June 10.—The Tulsa Fire & Casualty Insurance Association will attempt to bring back to regular local stock insurance channels business which is now going to mutuals and reciprocals and through eastern brokerage houses. The association feels that like any other local institution, the local agents should have the support and patronage of other local businesses. The agents here feel that the loss of this insurance cannot but affect their business, and this unfavorable result will be reflected in general business conditions of the city.

It appears that such efforts in other localities have been successful and the Tulsa association hopes that its work may be equally rewarded. Two new members were added to the association this week, Stewart & Labbe and Ben Voth.

Bank Agency Law Effective

LITTLE ROCK, ARK., June 10.—The law directing the insurance commissioner not to license bank agencies in cities of 5,000 or more population goes into effect Friday. While the bank agency question in Arkansas has not been the subject of much controversy, the prohibition received substan-

tial support in the legislature. The new law, however, does not bar the renewal of existing licenses to banks, trust companies and other financial institutions.

Establish Large Agency

One of the largest non-bank agencies in Arkansas is now operating in Little Rock under the firm name of Rightsell-Pearson-Collins-Barry-Donham, Inc., with offices at 218 Louisiana street. The firm purchased the insurance department of the American Exchange Trust Co., which had been the largest bank agency in the state.

Mr. Rightsell has been on the agency list of the Continental and American Surety for 30 years, under the firm name of R. W. Rightsell & Co. V. S. Pearson and J. R. Donham are actively managing the insurance agency. They are both well known insurance men in Little Rock.

Last Day Spoils Record

LITTLE ROCK, June 10.—Three big fires on the last day of May spoiled what might have been an exceptionally fine record for Arkansas, according to the Arkansas fire prevention bureau. Of the total loss, \$339,735, one-third was sustained May 31 when El Dorado reported a \$70,000 fire and Hot Springs and Fort Smith each had a \$20,000 fire.

Arkansas Cities in Contest

Arkansas has eight cities entered in the national fire waste contest, D. V. Haddock, district chairman, announces.

under the management of J. F. Glass. Cobb & Glass has been in charge of the office since its inception as a supervisory branch for the North Carolina field and later when it was made a department with home office facilities for both North and South Carolina and part of Virginia.

Review Company Fines

NEW ORLEANS, June 10.—At a meeting tomorrow the Louisiana Insurance Commission will reconsider the fines imposed against companies for delinquency in filing experience figures. The Louisiana standard mortgage clause which has caused considerable discussion will be taken up also.

Florida Qualification Act

Senate bill 170 passed by the Florida legislature defining insurance agents as persons selling policies exclusively on a commission basis is before Governor Carlton for signature. The fee is \$6 a year for a license, the proceeds to go to the agents' qualification fund. Examination of applicant is provided.

Study Louisiana Laws

NEW ORLEANS, June 10.—A legislative committee of 15 has been appointed by President Rodriguez of the Louisiana Insurance Society to study the statutes governing the insurance business, which have been found obsolete and inadequate. At its Alexandria convention the society authorized a complete codification of laws and plans are under way to make an intensive study of every phase of insurance legislation, which will require an expenditure of several thousands of dollars and months of time and research. The findings will be presented to the next general assembly.

Valued Policy Bill Fades Out

MONTGOMERY, ALA., June 10.—The valued policy fire insurance bill in the Alabama house has all the earmarks of being dead. The bill has not

State Leader



SAM RUFFIN, Raleigh, N. C.

Sam Ruffin of the Connor, Ruffin & Moore agency, Raleigh, N. C., is chairman of the executive committee of the North Carolina Association of Insurance Agents which will meet at Asheville Monday and Tuesday. Mr. Ruffin is a former president of the North Carolina body. He is prominent in the National association and is a well known figure at conventions.

been taken up by the committee on insurance so far and it is expected that it will die without reaching the calendar.

The Ladies Insurance Auxiliary will hold its annual picnic at Hidden Lake, near Nashville, on June 29. Mrs. W. H. McKelvy, president, will have charge of the program.

ON THE PACIFIC COAST

National Auto Club Reelects

Entire Roster of Officers is Continued for Another Year at Annual Meeting

SAN FRANCISCO, June 10.—Re-election of the entire roster of officers and directors marked the stockholders' meeting of the National Automobile Club, Ltd., here. A new office of assistant secretary was created and H. E. Manners, associate general manager of the club, was elected to fill it.

Following are the other officers: William Deans, president; Arnold Hodgkinson, secretary and general manager; A. T. Bailey, resident vice-president; C. A. Craft, treasurer; N. B. Swett, associate vice-president, representing California Association of Insurance Agents; B. L. Davis, associate vice-president, representing San Francisco Insurance Brokers Exchange; Eugene Battles, associate vice-president, representing Los Angeles Fire Insurance Exchange, and C. B. Cornell, associate vice-president, representing casualty underwriters.

Directors: H. F. Mills, chairman; A. L. Merritt, vice-chairman; William Deans, Joy Lichtenstein, A. T. Bailey, A. M. Brown, Sr., C. A. Craft, Harry Benner, F. E. Stone, F. M. Avery and E. T. Cairns.

Stebbins Has Faith in Agency System's Future

SALT LAKE CITY, June 10.—No system in the world has ever produced a volume of fire insurance business equal

to that under the American agency system, according to H. C. Stebbins, former president American Association of Fire Insurance General Agents, in a recent talk here before the local agents' association. "I have no doubts whatever regarding the future of the American agency system," declared Mr. Stebbins. "You never will find the salaried branch-office manager able to achieve the same prestige in his community as the agency man who lives there permanently and is building up a business for himself. The branch-office manager is constantly subject to a system which may remove him from one community to another about the time his friendships and acquaintances begin to accumulate."

Jenkins Quits Board

LOS ANGELES, June 10.—Following the recent action of the Iowa National Fire in resigning from the Pacific Board, its representative, the R. H. Jenkins general agency at Los Angeles, has resigned its board membership and is now conducting its business on a non-board basis, under which it operated for many years prior to joining the board several months ago.

The St. Louis Fire & Marine has entered California and has appointed Mr. Jenkins state agent.

Hinchman Opens Offices

SAN FRANCISCO, June 10.—Offices of the recently organized firm of H. M. Hinchman Company, general agent, have been officially opened in the Royal building here. Mr. Hinchman was formerly a partner of Hinchman & Wentz. Mr. Hinchman was recently

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appointed general agent in California for
the Eagle Indemnity. F. J. Pelletier is
manager of the new firm and G. A.
Sullivan is superintendent of agents.

New Los Angeles Manager

V. H. Evans has been appointed man-
ager of the Los Angeles Fire Insurance
Exchange, succeeding A. B. White, Jr.,
who resigned recently. Mr. Evans was
secretary of the California State Asso-
ciation of Finance Companies for the
past five years.

Clarke in New Post

Victor Becht of Seattle, state agent of
the Glens Falls, who has become assist-
ant Pacific Coast manager, has now
taken his post in San Francisco. He is
succeeded in the Washington field by
Richard Clarke.

Coast Notes

The Utah-Idaho Blue Goose has been
organized at Boise, Idaho.

L. L. Brown, southern California man-
ager National Automobile Club, will ad-
dress the Long Beach Association of In-
surance Agents on the service rendered
by the club.

Mountain Field Activities

"Cy" Drew Honored at Denver

**Banquet Given to Congratulate Editor
of the New "Western Underwriter"
by Managers**

DENVER, June 11.—An elegant 24-
jeweled watch was presented to Cyrus
K. Drew, publisher, by life managers
and general agents at a banquet given
in his honor Tuesday last week. The
dinner was given to congratulate Mr.
Drew upon his enlarged activities as editor
of the new "Western Underwriter,"
a consolidation of his paper, "The In-
surance Report," and the "Pacific
Underwriter," owned by THE NATIONAL
UNDERWRITER.

An interesting clipping, "Thirty Years
Ago Today," from the Louisville
"Times" was read by Chapman Young.
According to this report Mr. Drew,
Mr. Young and G. M. Lovelace, New
York Life, all Louisville young men at
that time, helped to form the cast in a
comedy presented by the Louisville
dramatic club to a capacity house in the
Macauley theater. Mr. Drew was
then a member of the "Insurance Field"
staff. In responding to the toastmaster,
J. C. Burger, president American Life,
Mr. Drew related incidents of a meet-
ing of the old Denver Life Association
which he attended in 1897; also a meet-
ing in 1902 of the Colorado Association
of Life Underwriters, organized by him.
The "Western Underwriter" will spe-
cialize in the Pacific Coast and moun-
tain fields on both fire and life business.
Although Mr. Drew will live in San
Francisco, he will spend much time in
Denver.

Executives in Mountain Field

A. T. Bailey, San Francisco, Pacific
Coast manager of the North British
fleet; C. R. Tuttle, Chicago, western
manager North America, and Harold
Sammis, San Francisco, manager of the
automobile department of the Fireman's
Fund group, have been conferring with
field men of their companies in the
mountain field the past week.

Clyde Smith in Colorado

Clyde B. Smith, Lansing, Mich., for-
mer president of the National Associa-
tion of Insurance Agents, is in Colorado
Springs visiting his son, Harry, who is
ill there. He is expected in Denver soon
for a visit with Herbert Cobb Stebbins,
former president of the American Asso-
ciation of Fire Insurance General

Pay Agents' Commissions on Bridge, Says Chamber

SAN FRANCISCO, June 10.—
In case insurance commissions are
paid on premiums resulting from
coverage on construction of the
new \$35,000,000 bridge across
Golden Gate Strait at San Fran-
cisco, they should be paid to
agents and brokers who are resi-
dents of the district, says the San
Francisco Chamber of Commerce
which has gone on record with
the directors of the Golden Gate
Bridge District to that effect.
Action was taken following the re-
port of the chamber's insurance
committee, B. R. Funsten, chair-
man, which made a detailed inves-
tigation of the situation.

Agents, who is an old friend of Mr.
Smith.

LaFollette with General

DENVER, June 10.—A. A. LaFol-
lette has been appointed assistant Colo-
rado special agent of the General of
Seattle with Denver headquarters. He
formerly was a partner in the Welch-
LaFollette Agency, Greeley, which has
been succeeded by the Thomas M.
Welch Agency.

Schuyler Agency Incorporates

DENVER, June 10.—The Schuyler
Agency Company, a department office in
the mountain field for more than a third
of a century, has been incorporated with
G. L. Schuyler, president; H. C. Hart,
vice-president, and Gertrude Stock, sec-
retary-treasurer. The agency is a de-
partment office for the Phoenix group,
New Amsterdam, California, and Utah
Home.

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Fire & Marine In-
surance Company
has been giving a
complete insur-
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practical value to
agents.

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tion
Sprinkler Leakage
Tourist Baggage
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Builders & Contractors
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Fire & Marine Insurance Company
John H. Griffin, President
Minneapolis, Minnesota

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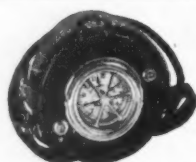
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NEW ENGLAND NEWS

Vermonters Meet at Rutland

Companies Urged to Be More Circumspect in Appointing New Agents
—Energetic Discussions

RUTLAND, VT., June 10.—The Vermont Association of Insurance Agents held its semi-annual business meeting here last week. The session was featured by four interesting talks, energetic discussions and golf.

The proposed agents' qualification law was one of the foremost subjects of the business session, the last legislature having declined to pass such a law. Senator W. H. Wills, Bennington, of the association's legislative committee explained that the time did not seem favorable for such a law in Vermont, and instead the committee desired the association to adopt a resolution, which he submitted, urging the companies to be more circumspect in the appointment of new agents. The resolution was adopted and will be sent to the fire and casualty companies.

President T. C. Cheney, Morrisville, presided, and reported on the constructive work of the National association. Miss Mary L. Milo, secretary, reported a membership of 149. An invitation was received from Brattleboro inviting the association to hold its annual meeting there in September. The executive committee will decide on the meeting place later.

T. F. Buchanan, assistant secretary Aetna, spoke on "Incendiarism and Arson," and urged the agents to aid the companies in cutting down the tremendous burden of cost from this source by seeing to it that there was no overinsuring of properties during the period of depressed values.

D. C. Bowersock of the Providence Washington's marine department spoke on "Inland Transportation" and showed the agents how they could increase their premium income by a closer study and application of inland marine lines.

A. J. Murphy, general agent Security, brought a few of the agents to their feet when he went after them in a talk under the topic of "Chickens Come Home to Roost." He declared that all the troubles and trials of the insurance business can be traced back to the people in the business, and the agents have themselves to blame for what is taking place.

Commissioner Clark spoke briefly and warned against overinsurance. C. M. Spencer, the new deputy commissioner of insurance, gave a short personal talk of his experiences along insurance lines.

In the golf tournament prizes were awarded to Lawrence Moore, Fidelity & Deposit, Boston; A. J. Murphy, general agent Security, Boston; Arthur Hawkinson, St. Johnsbury, and John Irving, New England Insurance Exchange, Boston. Following the dinner, J. S. Caldwell, assistant secretary New England Insurance Exchange, outlined the purposes and achievements of that organization and described its place in the business.

Take Subrogation on School Loss

WORCESTER, MASS., June 10.—The fire companies represented on the recent \$395,330 loss on the junior high school under construction here have agreed to settle by taking subrogation receipts and to bring suit in the name of the city against a sub-contractor on the claim that defective wiring was responsible for the fire.

New England Program Out

Notable Speakers Listed for Joint Meeting of Associations at Poland Spring June 22-24

BOSTON, June 10.—The complete program for the summer convention of the New England Associations of Insurance Agents at Poland Spring, Me., June 22-24, has been announced as follows:

June 22, 7 p. m., informal get-together dinner.

Tuesday, June 23

"Insurance Service, the Companies Produce It," G. E. Turner, president First Reinsurance.

Discussion.
"Insurance Service, the Public Requires It," George D. Markham, St. Louis, director insurance department, U. S. Chamber of Commerce.

Discussion.
Address, W. H. Bennett, secretary National Association of Insurance Agents.
Banquet, 7 p. m. Addresses by W. T. Gardiner, governor of Maine; Donald A. Adams, New Haven, past president Rotary International; Rev. John N. Mark, Arlington, Mass.

Wednesday, June 24

"Insurance Service, the Agents Sell It," Percy H. Goodwin, president National Association of Insurance Agents.

"Insurance Service, Keeping It Up to Date," Albert Dodge, Buffalo, past president New York State Association of Local Insurance Agents.

Discussion.
Address, Congressman John E. Nelson, Augusta, Me.

Fire Protection Reports on Massachusetts Cities

The National Fire Protection Association reports that the fire department at Lowell, Mass., has been doing good work so far this year in cutting down the previously excessive number of runs for grass and brush fires. The protective squad has burned over approximately 1,000 acres of vacant lots.

At Springfield, Mass., a committee from the safety council has completed another survey of over 50 dilapidated buildings which constituted bad fire hazards. Most of the buildings have now been demolished.

At Taunton, provision has been made for a fire department drill tower and a substantial part of the fire alarm wiring has been put under ground. House-keeping conditions in the business district have been greatly improved owing to frequent fire department inspections.

Will Sign Boston Bill

BOSTON, June 10.—Governor Ely announced, following a conference with Chief Fox of the Boston fire department and others, that he would sign the bill sponsored by Mayor Curley of Boston, authorizing the fire commissioner of Boston to investigate suspicious fires in this city and empowering the commissioner to summon witnesses and prosecute those deemed guilty of arson. Formerly the state fire marshal had authority over the entire state.

The bill is generally held by insurance interests as a bad precedent, taking away the authority from the state fire marshal and placing it in the hands of what must be but a temporary official, subject to all the changes and influences of politics.

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SALES IDEAS AND SUGGESTIONS

Helpful Hints for Fire and Casualty Insurance Producers

Review of Farm Conditions and Some Suggestions as to Steps For Improvement of Situation

Fred C. Snapp of Chicago, farm superintendent of the Aetna in the west, in his talk before the annual meeting of the Nebraska Association of Insurance Agents, gave some of the most helpful suggestions that have come from a farm specialist. He made out a program which was designed to alleviate unsatisfactory conditions growing out of the deflation of farm land values during the last ten years and the sharp decline in building properties. Mr. Snapp stated that the best minds in the business have agreed that unless company liability is promptly reduced to a relative level of farm sale value and building costs on basis of present day values it can only be expected that underwriting results will become still more unsatisfactory. He predicted that farm land values have reached the bottom and will probably stay there for some years to come.

Decline in Building Costs

Only within the last few months has there been any perceptible decline in building costs. With the decline in market value of farm land, excessive relative insurance valuation on buildings has developed. Companies, he said, now find themselves in a more favorable position to effect a generally necessary reduction of their liability. Land values have decreased since 1920 from 50 to 60 percent. Building costs have declined from the peak of 1928, 20 to 33 1/2 percent and possibly more in some sections. Insurance on buildings is generally excessive and must be reduced from 20 to 35 percent of the 1929 insurance level.

Mr. Snapp called attention to the increased number of questionable fires and the creation of moral hazard which probably would not have developed had the insurance on buildings been written sufficiently low that loss by fire offered neither advantage nor profit to the policyholder. Mr. Snapp then developed some of the main points in his paper as follows:

* * *

1. Decline in farm prices compared with all commodities.—The downward trend in general price levels which has been so marked during the past months still continues.

The index of all commodity prices,

according to government reports, shows for the entire United States a decline of 22 points since October, 1929. In October, 1930, it was still 192, the lowest since the war. During the same period the index of agricultural prices, a decrease from 140 to 106 or 34 points. As in major depressions, such as we have been experiencing, it is customary for agricultural products to decline faster than non-agricultural products.

A recent report by the Bureau of Agricultural Economics of the Department of Agriculture discloses further decline. We quote the following: "Farm commodity price declines in the month from April 15, 1931, to May 15, 1931, carried the index of general farm price levels to 80 percent of the pre-war level, or 38 points under last year and the lowest level since 1910."

* * *

2. Largest number of increased losses.

—our survey shows during the year 1930 the largest number of losses occurred on farm risks where the amounts of insurance was determined on basis of 1926, 1927 and 1928 values, while risks selected and revised on basis of 1929-1930 underwriting shows a decided decline in the number of losses. It should, therefore, be concluded that it is unwise to await the expiration of five year business written in these three years and agents should, therefore, review their risks now for the purpose of reducing liability on buildings wherever necessary.

* * *

3. Unprofitable agencies should be analyzed first.—Logically a company program should contemplate giving treatment first to agencies that have had a consistently high loss ratio for the past five to ten years. It can be shown that 25 percent of all farm writing agencies have been unprofitable for the past five years, producing more than 50 percent of the volume of loss—while the 75 percent have produced their proportionate amount of premium with a satisfactory loss ratio. It should not be difficult for any company to arrive at the conclusion to eliminate the source of its unsatisfactory experience and adopt the slogan "Fewer and Better Agents."

It is encouraging to note that losses are not as general as had been supposed and I believe that by concentrating efforts on unprofitable sections that results can be improved in a comparatively short time. However, let us not overlook the fact that there is grave danger of a considerable number of agencies heretofore regarded as profitable changing to the unprofitable list unless agents act promptly by inspecting and revising their risks on basis of existing conditions.

* * *

4. Farm business should be corrected to stand on its own merits.—Unfortunately for the farm business, it has been a sort of trading proposition with agents and companies in competition for the more attractive lines of business—commercial, automobile, inland marine and other profitable lines. The agent has been deluded by the attitude of companies in believing that they would stand a lot of punishment from the writing of this most hazardous class in order to gain entrance into or attain a ranking position in his agency. On the other hand, companies have pretty generally awakened from their illusion by coming to a realization that the disastrous results of farm business will soon render their entire operation unprofitable and that it is highly necessary to treat farm business on basis of its own merits.

* * *

5. Reduction of insurance on buildings.—The question is naturally asked by the agent, "How shall I secure this reduction of insurance?" This can be answered in several ways. To us it seems important that the request for reduction be made by the company—requiring that the agent visit the premises of the insured with a view to re-surveying the risk. The wise agent will, of course, use all possible diplomacy in making the approach to accomplish his purpose. It will require considerable tact and the application of real salesmanship. It will be necessary that the risk be carefully studied and an intelligent survey of the policyholder's insurance needs be made before the subject of reduction be introduced. The agent can make an easy approach if he will explain to the insured that his company has asked for a reinspection of buildings and the general risk with a view to avoiding any misunderstanding that might arise in the event of a total loss. In most cases there will be little difficulty and the insured will regard the mission of his agent as one of service.

The aggressive agent will welcome

such a program as one of opportunity. Instead of requesting endorsements for his policies where reductions are necessary, he will consider it reason for re-vamping and rewriting the risk. He knows that he can rearrange the coverage in many instances applying reduced amounts to personal property, buildings not insured, or, adding the hail, or, making some suggestion of revision of the policy on which basis if the risk be rewritten will not only make it more attractive to the company, but save him the loss in commission and possibly pay him well for his time and trouble.

The alert agent readily recognizes any development or changes in his risks which require revamping of coverage to suit the policyholder's needs. He knows the importance of closely supervising and checking up his business. Seldom is he compelled to wire his company requesting a binder for renewal of one of his risks because he has failed to secure renewal application prior to expiration date, for he is continually inspecting and rewriting his policies thereby disposing of his expiration list. By this constant turnover of business, his competitors' record of his supposed expiration dates is rendered valueless and his agency, therefore, stabilized by this important inspection service, by saving his business from invasion of either stock or mutual competition.

* * *

6. Study Building Costs.—It hardly seems necessary to call special attention to the decline in building costs. However, from information gathered from various authentic sources, we feel safe in saying that in rural sections the percentage downward ranges from 20 to 35 percent and that it is quite probable that a still greater decline can be expected. This will, of course, vary in some sections. Good carpenter labor can now be had in most rural communities for 40 to 50 cents per hour with head carpenters willing to work and supervise at 60 to 65 cents per hour. Costs of other forms of labor incident to building construction are generally reduced which, together with a 15 to 30 percent decrease in cost of materials, gives basis for our statement of general decrease in cost. Aside from this stated decline in building costs, there is a tendency to greater efficiency with longer hours on the part of labor which naturally reduces ultimate costs.

Agents should study conditions in their respective territories and satisfy themselves as to just how much this

(CONTINUED ON PAGE 38)

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THE barnacle is the pest of the sea. It is the symbol of retarded speed, of inefficiency.

Not only do ships of sea become barnacle encrusted, but ships of state, ships of business, and individual ships are subject to the cirriped.

A new ship is set afloat. How cleanly she cuts through the water! Those who sponsored her and her captain are proud of her speed.

But time moves on, and the speed is slackened by the gathering and clustering on her bottom and sides of the marine pest, the barnacle.

They are not easy to get rid of, for they cling so tenaciously that steel scrapers must be used.

In this day of aggressive competition, when speed has become our national symbol, every business, and for that matter every business man, should go in dry-dock occasionally.

As for ourselves, we are constantly watching for signs of slackened speed. We have no false pride in freeing ourselves of impediments. We go in dry-dock cheerfully. We take the same care of our ship, as do the owners of the finest ocean liner.

After all, it is, we think, the direct responsibility of expert management.

This is, doubtless, one of the reasons why our agents value their franchise. It is also a hint to those agents who may be considering a new casualty and surety connection, to write us for particulars. We cordially invite you to do so.

CASUALTY
INSURANCE



FIDELITY AND
SURETYSHIP

Standard Surety & Casualty Company OF NEW YORK

Home Office: 80 John Street, New York, N. Y.

FRANK G. MORRIS, *President*

"A Multiple Line Casualty and Surety Company"

Surplus to Policyholders—\$2,800,147.48

The National Underwriter

June 11, 1931

CASUALTY AND SURETY SECTION

Page Twenty-nine

Need Cooperation More Than Ever

Ives Pictures Threats to Insurance
at Georgia Association
Convention

SAYS AGENTS CAN HELP

Dangers of Bureaucracy and Socialism
Explained by Representative of
Company Executives

ALBANY, GA., June 10.—Combined efforts of everybody in insurance are needed to protect it against "political hijackers" who would stifle the business by bureaucracy and socialism, Henry Swift Ives, special counsel Association of Casualty & Surety Executives, said here at the annual convention of the Georgia Association of Insurance Agents.

He said in a period when hundreds of banks, big and little, closed their doors, and business depression was general, none of the old and well established insurance companies failed. "Indeed, without the protection insurance affords, without the steadying influence of its investments in other enterprises and without the organic stability of the insurance system as a whole, it is doubtful whether the American people could have weathered this period of financial stress and strain as well as they have," he stated.

Good Shock Absorber

"Insurance has proved itself indispensable as a calamity shock absorber in our democratic society. It has done more than any other economic force to balance the boat. I think its achievement the most outstanding of its kind in our time."

Despite this record, however, Mr. Ives believes insurance has been the most politically harassed business, suffering in many states from arbitrary and unfair regulation, and hampered by a maze of laws and decrees. He said it has been burdened by excessive and unjust taxation, has been compelled to fight government competition and has been threatened frequently by "complete socialization."

"With its background of financial stability and indispensable economic service in this present period of depression," Mr. Ives said, "one would naturally think that insurance deserves a national vote of thanks. Instead of such approbation, however, the political attacks upon it have increased and it has been compelled to struggle harder than ever before to protect not only itself but its policyholders and dependents and to preserve its integrity as a privately conducted enterprise."

He said this year there have been introduced in legislatures 2,200 bills either directly or indirectly affecting

(CONTINUED ON PAGE 40)

Greer Bars Automobile Rate Cutting in Alabama

MONTGOMERY, ALA., June 10.—For the purpose of stopping what he considers flagrant instances of discrimination and rebating in automobile insurance, Superintendent Greer has issued a ruling prohibiting artificial or arbitrary classes, banning territorial automobile rate reductions, and announcing that any company or agent reducing rates below the manual rates, unless it is done by dividends properly earned, will be watched with especial care. It goes into effect immediately.

The ruling follows an extensive investigation made into three separate and distinct cases, one being the case in which the employees of the Southern Bell Telephone Company secured a reduction of approximately 20 percent in auto rates, the result of an arrangement wherein the company organized an insurance department and, under an agreement with a St. Louis casualty company, the reduced rates were made available.

Creates Two Districts

Another case was that in which a compress in Dothan had an arrangement similarly by which its employees secured cheaper rates. The third case was that in which a certain casualty company drew an arbitrary line through the heart of Birmingham, giving 20 percent less rates on one side of the line than the other.

"Certain companies or their agents or both are probably arbitrarily reducing rates in order to get business," the ruling reads. "Apparently no other sound reason can be ascertained for their action. This rate cutting is being done notwithstanding the law of the state. The practice is unethical. In fact, vicious."

"Agents and even company officials try to defend their practice of rate cutting by some one or more of the following reasons: 1. That there is a difference between wholesale and retail merchandising; 2. That the risks assumed are superior; 3. That the business secured has been profitable during last year; or, 4. Some other equally untenable reason."

Two Rate Factors

"Every student of insurance knows full well that rates for all property insurance are based primarily upon the following facts: 1. The amount of insurance compared with the amount of losses occurring among many thousands of risks assumed of the same class or type in a certain period of time, usually a number of years. 2. Upon expenses of every kind properly needed to conduct the business."

"It is almost always a fallacy to reason that because you secure a contract involving a large number of risks you are justified in reducing rates. All insurance rates are calculated basically upon the law of large numbers, so that the theory of probability and the law of averages will work. The belief that you are doing business on a wholesale basis and may reduce rates because you secure a few thousand risks simply is hopeless, for the actuary in his calculations

actually considered the losses occurring in hundreds of thousands of risks assumed. In the first place, therefore, the rates were calculated on a wholesale basis.

Division of Expenses

"Now consider the expense factor, including home office expenses of every kind, taxes and license required by the various states, and commissions or salaries paid agents or salesmen. This element of the premium dollar approximates 37 percent with considerable uniformity with all well managed companies. The agent or salesman generally gets 20 to 23 percent for selling, and servicing the business. Competition keeps the balance of 15 to 17 percent for all home office expenses, taxes, and license about as low as it can be kept to secure competent and efficient management."

"When, therefore, a rate is reduced 5 to 20 percent to an individual or group of individuals even the student familiar with only the elementary principles of insurance readily understands that that reduction is made almost wholly as either a direct or an indirect rebate. Almost none of the reduction can come from any other source which is equitable."

"If the above statements are true, the substance of the law pertinent should be quoted, and the following ruling based upon that law is justified and fitting:

Law Is Quoted

"Any company or agent who shall directly or indirectly pay, allow, or offer to pay or allow any rebate of premium or any advantage to any particular policyholder over others of the same class, shall be guilty of a misdemeanor, and, upon conviction, shall be fined not less than \$100 nor more than \$500 for the first offense, and shall be fined not less than \$250 for each subsequent offense."

"If the superintendent of insurance is of the opinion upon evidence that any insurance company has failed to comply with the law, he shall revoke or suspend all certificates of authority granted to it or its agents."

Text of Ruling

"1. No company nor agent shall create any artificial or arbitrary class for the purpose of changing or reducing rates which permits any discrimination between members of this class and other individuals not included, but in other respects similarly situated."

"EXAMPLE: Employees of a corporation owning their own cars and driving them to and from work or using them in the business of the corporation are entitled to no lower rate because of their common employment than any individual not so employed whose car is exposed to like hazards."

"2. No company nor agent shall use any territorial unit other than is used by the conference companies for the purpose of changing or reducing rates unless such company or agent can prove

(CONTINUED ON PAGE 40)

Scan Depository Angle in Chicago

Surety Companies May Have Considerable Liability on Some
Closed Banks

NONE ON LOOP MERGERS

Transfer of Main Foreman Banks Relieves Sureties—Only Bonds on Outlying Banks Involved

The week-end banking developments in Chicago, involving a change in the setup of four loop banks, and the closing of 18 outlying banks Monday and Tuesday, are keeping surety men on their toes. There is considerable depository liability on three of the outlying banks, control of which was held by the Foreman family and which were closely affiliated with the Foreman-State Trust & Savings Bank and the Foreman State National Bank. The depository liability on the 12 so-called Bain outlying banks, which have closed, is not believed to be great, probably not more than \$500,000 with the exposure less than that.

Although surety companies have been skittish about assuming depository liability on outlying banks, they have been more liberal with the outlying banks controlled by the Foreman family, because, of the reputation of the Foreman loop banks. The Sheridan Trust & Savings Bank, for instance, had been in fairly good repute.

In recent weeks the market has been flooded with offerings of depository liability on the various Foreman banks and some of the leading Chicago agencies have been devoting most of their time to placing this liability. Some companies had been cautious, however, since some of the leading stockholders of the Foreman banks recently had been seeking bonds to guarantee their deposits in those banks.

Relieved of Liability

With the merger of the Foreman State bank in the First National Bank, surety companies are relieved of liability on deposits in the Foreman loop banks, since they are no longer in existence. Depository liability, formerly on deposits in the Foreman loop banks, will have to be endorsed or the name of the principal changed to the First National.

Also the surety companies will be relieved of liability on depository bonds in the Central Trust Company and the National Bank of the Republic, when the new institution is formed of those two companies.

The difficulty in placing depository bonds is likely to become even more difficult in Chicago now, since some of the liability of surety companies was filled up on each one of the four loop banks. If all of the depositors in the

(CONTINUED ON PAGE 40)

Accident-Health Managers Association Is Put on Map

FUTURE GROWTH IS ASSURED

Exchange of Views Between Company Executives and Field Men Notable Feature of Detroit Meeting

The second annual convention of the National Association of Accident & Health Managers, held last week in Detroit, definitely put that organization on its feet as a going concern and demonstrated conclusively that it is destined to grow and prosper. At the first convention, held at Chicago last year, much pessimism was manifested, even by men who were anxious to see the association succeed, in regard to its future. The Detroit meeting demonstrated, however, that accident and health managers are interested in such an association and that it has a real value in giving them a place for the discussion of their especial problems.

Field Men, Executives Exchange Views

One of the things that added interest to this year's meeting, and which opens up a valuable field for future meetings of the same sort, was the exchange of views between the general agents and managers and company executives. The company men were well represented and took an active part in the informal round table session held on the last afternoon, after all of the scheduled program of the convention had been disposed of. The program itself was so heavy that there was very little opportunity for discussion and this extra session, suggested from the floor, gave opportunity for discussion, not only of matters brought up in the convention itself, but of many others that those present had in mind.

Burgoyne Starts Discussion

Fred G. Burgoyne, president of the New York Accident & Health Managers Club and assistant secretary of the Union Indemnity, in charge of its eastern accident and health business, really started the round table idea. He was scheduled to speak on the question "Is the non-cancellable provision a desirable provision in accident and health policies?" but after reviewing briefly the experience of some of the companies in that field, suggested that it might be well to throw this question open for discussion. He also mentioned various other new forms of coverage invented to meet new hazards, particularly the aviation coverage, and brought up several other questions which were provocative of discussion. There was some discussion on the non-cancellable question immediately after his talk, but it was largely because of the fact that there were so many questions that various general agents wanted to ask that the afternoon session was arranged.

Questions Asked and Answered

The session resolved itself very largely into a series of questions asked by the agency representatives on various underwriting problems and answered by the half dozen or more home office men in attendance. There were 30 or more present at this session, although it was wholly voluntary and informal and outside of the regular convention activities. Home office men at the meeting in addition to those listed last week, included J. G. Ferguson, Continental Life of St. Louis; A. N. Hepler, Jr., Income Guaranty; W. E. White and L. F. Flaska, Continental Casualty.

The Cleveland contingent carried off the honors in the golf tournament, W. E. Watt, Continental Casualty; H. G. Kenniston, Commercial Casualty, and T. D. Russell, North American Accident, leading the list of prize winners. Other prizes were awarded to A. N. Hepler, Jr., secretary Income

Automobile Toll by Deaths Still More Exacting

More than 9,100 persons met death in automobile accidents the first four months with each month showing an increase over the corresponding period of 1930, it is indicated by reports received by the Travelers from state authorities. The increase in deaths in the four months, according to the preliminary figures, has been in excess of 5 percent, with the fatality toll for April numbering more than 2,400 as against more than 2,250 for March, more than 2,000 for February and approximately 2,400 for January.

Deaths in April, it is shown by figures from states having more than 49,000,000 population, were 1.7 percent greater than in the same month last year. This percentage increase is the smallest reported in any of the first four months of this year, the gain in March being 2.3 percent on the basis of reports from 32 states, 2.6 percent in February, with figures available from 38 states, and 13.2 percent in January, deaths having been reported by 39 states.

Not until May of last year did motor vehicle deaths exceed 2,400, while the record for April this year is in excess of that number. In 1929 deaths did not exceed 2,400 until June. The rate of increase the first four months is not as great as for the same period of last year, as complete figures indicate that the increase in the first four months of last year over 1929 was in excess of 13 percent.

Fidelity & Casualty Veterans

NEW YORK, June 10.—Among the local representatives of the Fidelity & Casualty are six agents who have served the company for 50 years or more: W. B. Dunbar, Cleveland; B. P. Barnes, Manistee, Mich.; A. V. Dewey, Lebanon, N. H.; John Bellows, Yonkers; W. B. Rankin, Bellefonte, Pa., and G. R. Smith, Woonsocket, R. I. Each of these veterans has been presented with the long service medal of the America Fore group, which is given to all agents who have been connected with any of the associated companies for at least 25 years. In all 450 representatives of the Fidelity & Casualty have been thus remembered.

Confer Again on Auto Rates

ST. PAUL, June 10.—Another meeting to discuss an increase in automobile insurance rates in Minnesota has been set for June 22 at the state capitol here. Minnesota agents and representatives of the National Bureau of Casualty & Surety Underwriters, National Automobile Underwriters Association, American Mutual Alliance and National Association of Mutual Casualty Companies have been invited. A. H. Stofft, Minneapolis, state agent for the Ocean Accident, is arranging for the meeting.

Responsibility Bill Passes Senate

BIRMINGHAM, ALA., June 10.—Agents writing automobile risks are showing interest in the automobile safety responsibility bill which has been passed by the senate of the Alabama legislature and is now pending in the house. Under terms of the measure which is sponsored by the American Automobile Association a person found guilty of violating a major motor vehicle law would be required to carry liability and property damage coverage.

Guaranty, South Bend, Ind., and Ralph O. Wood, Zurich, Chicago.

The Detroit club and the Detroit companies did themselves proud in the entertainment furnished for the visitors, that feature being in charge of R. M. MacKinnon, Michigan Life.

Ancient Receivership in Reciprocal Case Near End

POLICYHOLDERS TO GET 50%

Proceedings Began in 1924—"Savings" as Far Back as 1920 Cancelled by Court

Final settlement is near in the ancient receivership of the Associated Employers Reciprocal, which wrote a big compensation business. A dividend to creditors may be ordered before the summer vacation of the United States court, or may be held over until fall. The dividend will be well above 50 percent on all claims.

It was Dec. 31, 1923, that the Associated Employers was unable to make a statement. It is true that a statement was filed, but it was not approved by the insurance departments and examiners for several states joined in an examination. This resulted in a receivership being instituted in the summer of 1924. Since that time the policyholders and their employees have been waiting for their money and now they will get something over 50 percent, without interest.

Went Back to 1920

Policyholders as far back as 1920 were affected by the receivership. In that year dividends to policyholders of \$149,820 were allowed, but analysis by the receiver showed that they were not earned. Therefore those policyholders who received dividends in 1920 were compelled by the court to repay them. Other dividends were allowed in later years and these also were recalled, with an assessment for those years in addition. Thus the policyholders not only lost the dividends allowed them on their premiums, but were compelled to put up additional premiums or assessments. For the four years 1920-23 dividends totaled \$655,701, and all were cancelled by the court and ordered reclaimed by the receivers.

Policyholders Asked for \$2,660,000

The total assessment was \$2,005,189, but this was the deficiency after regarding the dividends as paid back. The total of assessments and cancelled dividends was \$2,660,890.

About \$250,000 was recovered from London Lloyds on reinsurance. The receiver lost his suit in the British high court of justice, but when he took an appeal there was a settlement for the amount named.

The claim of Sherman & Ellis, Inc., attorneys-in-fact, for \$400,000 was heard last winter by Judge J. H. Wilkerson and held groundless. One thing that has delayed the dividends over such a long period has been the amount of litigation in various jurisdictions.

Collecting Coal Mine Premiums

All that remains now is the collection of premiums from certain coal companies in southern Illinois, which will come on for hearing in the United States court probably this month, and the determination of certain loss claims still unsettled in Kansas. These also are expected to come on for trial this month. If these are concluded in time, the dividends will be ordered before the summer adjournment of the United States court at Chicago. Otherwise they will await the fall term of the federal court, which will mean more than seven years in court.

Freed From Policy Conditions

LINCOLN, June 10.—The Nebraska supreme court holds that when a company denies liability, assured need not thereafter forward to it notices of suits as required by the policy. After such denial of liability the assured is also free to handle the case himself. The case was Kilpatrick & Co. vs. London Guarantee.

Nine Persons Arrested on Charge of Faking Accidents

BASED ON MOTOR BUS CRASH

U. S. F. & G. Chief Investigator Takes Part in Dramatic Probe of Alleged Illinois Conspiracy

Clever work of special investigators and claim men of the United States Fidelity & Guaranty has resulted in the arrest at Chicago of nine persons who are charged with a conspiracy to defraud the company and a motor bus line on fake accident claims.

It is believed casualty companies have paid many such fake claims in the past because of inability to prove they were not genuine, and for this reason the case is hailed as of first water importance.

The alleged fake claims resulted from an "accident" near Pontiac, Ill., in which a bus of the Interstate Transit Company ran off the road. According to G. O. Holdridge, chief special service division U. S. F. & G. at the home office, a former U. S. secret service operative, and R. T. Luce, member claim department, Chicago branch, they have confessions that the bus driver acting under instructions of and in fear of the alleged ringleaders in the conspiracy, gently crashed the bus.

It is said there were 16 dupes acting as passengers. These were rushed to a Pontiac hospital, examined, x-rayed and all complained of wrenched backs and other injuries. Potential liability of about \$40,000 is involved under the U. S. F. & G. liability policy. The claims have been filed against the bus line.

Dennis Zenos, a man employed by a Chicago "negligence" attorney who specializes in personal injury cases, was nominally the chief and has partially confessed. Holdridge and Luce however charge that there is a man "higher up," and in addition there are about 10 more persons to be arrested.

The case was developed in cooperation with the state's attorney's office in Chicago and involved the use of dictographs, a Burns detective and the recording of long conversations between principals, who made the plot clear.

Of recent months casualty companies have been loath to write bus business due to the heavy losses incurred. It is believed possible that a large share of this hazard has been due to other fake claims such as this one.

Starts "Claim Investigator"

The Retail Credit Company of Atlanta has gotten out a new house organ known as the "Claim Investigator" with Grace Stephens as editor. This paper is to devote itself to claim investigation and the various angles in the work. It will be a medium for the exchange of experiences, ideas and practices among claim men, particularly investigators. There is no charge for the subscription. Miss Stephens is editor of the Retail Credit Company publications and is thoroughly efficient.

Nebraska Taxi Law Upheld

LINCOLN, NEB., June 10.—The constitutionality of the law passed in 1929 compelling all taxicab drivers either to put up cash or securities or take out liability insurance has been sustained by the supreme court, which says that even though it results in a hardship to taxicab operators who own but one or two machines, the law can not be set aside since their business is one that the state makes permissive and may bar altogether. It holds the law inapplicable to drive-it-yourself system operators, but that with these eliminated the law remains intelligible and capable of enforcement.

New York Department Has Required Filing of Policies

CONSEQUENTIAL DAMAGE UP

Desires All Automobile Contracts to Set Forth Clearly the Assumption of Liability

NEW YORK, June 10.—Superintendent Van Schaick has called on all casualty companies operating in New York to file with the insurance department copies of their respective automobile liability policies setting forth clearly the assumption of liability "for consequential damages for loss of services, medical and hospital bills incurred by the husband or guardian of the injured party" or an endorsement to be attached to the contract to the same end. He adds "that a statement should accompany the filing of endorsements to the effect that the endorsement will be attached to all liability policies issued by your company in this state."

Wants Confusion Clarified

This action on the part of the superintendent is with a view of clarifying the confusion created in the minds of some agents and assureds as a result of the famous decision of the New York court of appeals in the case against the New Amsterdam Casualty, which created such a stir in casualty circles at the time of its delivery some months ago. While practically all carriers recognize loss of service and medical and surgical fees consequent on accidental injury as a proper claim it was desirable that the intent be made clear in the insuring clause of the policy; a proposition agreeable to companies, a number of which have already revised their contract forms.

Bill Was Vetoed

A bill compelling such procedure passed the state legislature at its recent session, but was vetoed by Governor Roosevelt upon the assurance of the insurance department that it was dealing with the situation and would secure compliance with its views from the companies voluntarily. This has been largely done. The position of the New Amsterdam Casualty in the case in question was not a denial of liability for loss of services, but it held that it had paid the full amount of its policy for injuries to a single person.

Michigan Bars Non-Resident Suits

LANSING, MICH., June 10.—Non-residents are not entitled to the use of Michigan courts to sue non-resident insurance carriers licensed here when the cause of action also has arisen outside this state's boundaries, the Michigan supreme court holds in Mrs. Max Gober vs. Federal Life.

Mrs. Gober, a resident of Wisconsin, brought an action in Dickinson county to collect under a mail order policy issued to her son, Joseph Gober, who had been killed in an accident in Wisconsin. Process was served on the company through the insurance commissioner but when the case was taken into the circuit court the judge refused to hear it for lack of jurisdiction. That action was upheld on appeal.

Wikoff With Inter-State

J. L. Wikoff has been appointed Indiana manager of the Inter-State Business Men's Accident with headquarters at 1310 Circle Tower building, Indianapolis. He has been Indiana manager of the Ohio State Life.

Dallas Company Control Changes

The control of the Physicians Health & Accident of Dallas has changed hands, W. Wallace, former general manager, having sold his interest to C. E. Hill of Houston. The general offices will remain in Dallas.

Leaders Busy with Chicago and New York Reform Plans

WORKING ON CONSTITUTION

Committee of Company Executives Ironing Out Details of Method to Be Followed

The Casualty Club of Chicago decided at its last meeting to refrain from taking any action in the direction of setting up an obligatory association of general agents and branch managers until after the companies have given the word to go forward.

The special committee on Chicago of the National Bureau of Casualty & Surety Underwriters was scheduled to visit Chicago and put the new association into effect by June 15, but the organization will undoubtedly not be completed by that time. Before the association is formed, the renewal of the casualty acquisition cost pledge by all member companies of the National Bureau is being secured.

At the same time the casualty companies are confronted with a New York problem brought to an issue by the recent ultimatum of Superintendent Van Schaick that all practices be brought into conformity with state laws and rules of the various underwriting organizations. A committee of 12 companies has been appointed to act as a conference committee with the New York superintendent relating to acquisition cost. The committee will also devote its attention to the acquisition cost problem country-wide. The companies on the committee are: Aetna Life, Fidelity & Casualty, General Accident, Globe Indemnity, Great American Indemnity, Hartford Accident, Indemnity of North America, Maryland Casualty, Metropolitan Casualty, United States Fidelity & Guaranty and Travelers.

CHICAGO COMMITTEE BUSY

NEW YORK, June 10.—In addition to Vice-President R. J. Sullivan, Travelers; President J. S. Phillips, Great American Indemnity, and United States Manager J. M. Haines, London Guarantee, H. A. Behrens, president Continental Casualty, and E. C. Stone, United States manager Employers Liability, now compose the committee of the casualty acquisition cost conference charged with the preparation of a constitution to govern the local casualty organization proposed for Chicago and are at work upon the task. At the same time signatures are being sought from all member companies of the conference pledging support to the plan for dealing with the Chicago situation adopted at the general meeting of executives in this city May 28.

It is confidently anticipated that the desired pledges will be secured and the new agency association launched in Chicago at an early date. Following a joint conference between a committee of Chicago casualty agents and executives here sometime ago, the plan presented orally by the local men for controlling affairs in their city was adopted in principle, and subsequently whipped into concrete shape and sanctioned at a general gathering of company officials. As already noted the plan has teeth in it, in that it provides for the posting of \$1,000 by each company and \$250 by each branch manager or general agent in the city, the money to be drawn upon in the event of fines being imposed as penalties for rule violation. It was also agreed that all companies and agents were to bring their affairs in Chicago into line not later than June 15.

New Plate Glass Bureau Members

Through the accession of the United States Guarantee and Yorkshire Indemnity, the company membership of the New York Plate Glass Service Bureau has been increased to 51.

Company Head Dies



E. J. FAULKNER

E. J. Faulkner, 46, president and general manager of the Woodmen Accident and president of the Central Health, died suddenly June 4 at his home in Lincoln, Neb., from a heart attack. Mr. Faulkner had been especially prominent in the Health & Accident Underwriters Conference, having been reelected to the executive committee of that organization at its recent meeting in Washington, D. C. He was also very active in the Nebraska Insurance Federation and other organization work. Immediately after graduation from the University of Nebraska he became connected with the Woodmen Accident, founded by his father, the late A. O. Faulkner. He had served as agency manager and later as vice-president and assistant general manager before becoming head of the company upon his father's death. He organized the Central Health in 1927.

States That Have Passed the Automobile Guest Law

NEW YORK, June 10.—With the enactment by the Texas legislature of a "guest" law bill and its prompt signature by the governor, the number of states having statutes of such character in force has been increased to 18, as here given: California, Colorado, Connecticut, Delaware, Idaho, Indiana, Iowa, Kansas, Kentucky, Michigan, Montana, Nebraska, North Dakota, Oregon, South Dakota, Texas, Vermont and Wyoming.

Bills to the same end are still under consideration in Ohio; Tennessee and Wisconsin. The Ohio measure has passed the senate and been reported favorably in the house. Like measures failed of sufficient support in Alabama, Illinois and Missouri.

An amendment to the guest law of California now being considered would deny to motorists relief from damages for injuries suffered by a rider if it be shown that the proximate cause of the accident was due to "gross negligence." A "guest" is generally defined as a person who accepts a ride in a vehicle without giving compensation therefor.

Claim Men's Outing

NEWARK, June 10.—At a dinner-meeting of the New Jersey Casualty & Utilities Claim Men's Protection Association final arrangements were made for the annual outing at Hawthorne, N. J., June 17. A number of prominent casualty and utility executives will be invited to attend.

S. H. Farquhar, formerly western superintendent of the Zurich General Accident with headquarters at Vancouver, is leaving for London where he will join the staff of the company in the United Kingdom.

Plate Glass Surveying Is Regarded as Important

STEVENS GIVES AN ADDRESS

Intelligent Work Will Bring Lower Loss Ratios for Companies Writing the Class

NEW YORK, June 10.—The value of intelligent and well-informed surveyors in bringing down costs in plate glass underwriting was brought out by N. C. Stevens, secretary Aetna Casualty & Surety, speaking before the New York Plate Glass Service Bureau, a subsidiary of the National Bureau. The meeting, which was arranged by Manager J. W. Marden of the Plate Glass Bureau, was attended by more than 300. The bureau now numbers 51 companies which have joined since its inception May 1, the latest additions being the Yorkshire Indemnity and the U. S. Guarantee.

Mr. Stevens' Remarks

"The question of the education of the surveyors may bring up opposition on the grounds of cost," Mr. Stevens said, "but it is my opinion when the bureau is running smoothly on this plan it will result in a lower loss ratio and uniform methods will lower costs."

The surveyor should not only familiarize himself with the exact details and technique of his work but should be able to size up the general situation, Mr. Stevens said, as the surveyor is the underwriter in the field and if his reports are complete and intelligent, the company is in a position to know definitely what it is doing, and can accept or decline a risk or say under what changed conditions the risk will be acceptable.

Could Present General Picture

"It is my opinion," Mr. Stevens said, "that the surveys made through the consolidated bureau could present a very satisfactory picture of the conditions around the city of New York by a report of neighborhood conditions and occupancy in the section in which they are surveying, having in mind the neighborhood, whether congested or otherwise and general character of the risks, and whether we may expect in the near future changes in neighborhood hazards. A record could be filed in the bureau and would be useful when changes in zones are made."

Field Club Elects

At the annual meeting of the Casualty Field Club of Chicago this week the officers named by the nominating committee were elected, with A. P. Lantz, assistant manager of the Travelers, as president and E. J. Halleman of the Globe Indemnity as secretary and treasurer.

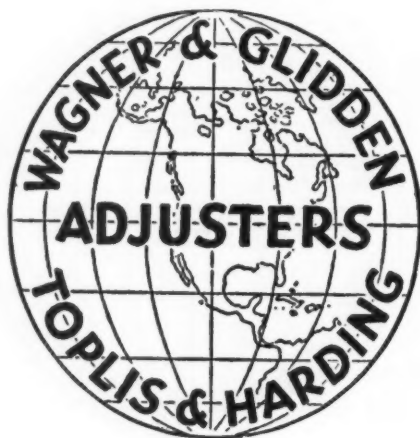
A resolution was adopted opposing house bill No. 1113 in the Illinois legislature which would make the insurance companies joint defendants on all personal injury cases where the real defendant carries liability insurance.

Would Require Aircraft Cover

SALT LAKE CITY, UTAH, June 10.—The commercial aviation committee of the chamber of commerce passed a resolution this week requesting the city commissioners in charge of the municipal airport to investigate the feasibility of requiring commercial aviation firms using the airport to take out public liability insurance.

The resolution pointed out that companies doing a purely local business provide no insurance against either ground accidents or possible injury to plane passengers. It was held that this state of affairs should be tolerated no longer, if it can be avoided.

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PARIS—MARSEILLES—NICE

Represented in every principal city in the world

NEWS OF THE COMPANIES

Two Companies Combining

Union Indemnity Is Taking Over New York Indemnity in Insurance Securities Group

President W. Irving Moss of the Union Indemnity announces that the New York Indemnity is being consolidated with the parent company. At the same time the Bankers & Merchants Fire is being reinsured by the La Salle Fire. This will simplify operations and give a larger scope for each operating unit. The New York Indemnity was originally organized by the National Surety as its casualty running mate but was taken over later by the Insurance Securities Company and operated with the Union Indemnity.

The Union Indemnity on December 31 had \$1,000,000 capital, \$11,848,021 assets, \$5,078,514 premium reserve, \$1,015,296 net surplus. Last year its premiums were \$13,556,029. The New York Indemnity had \$1,000,000 capital, \$7,014,883 assets, \$2,279,856 premium reserve and \$401,980 net surplus. Its premiums were \$5,603,111. This will give the Insurance Securities Company one company of each kind in its group, the Union Indemnity, La Salle Fire, Detroit Life and Union Title Guarantee Company.

International Re May Pay Full \$2 Dividend This Year

Action on the recommendation of Carl M. Hansen, president International Reinsurance that the full dividend of \$2 per share for the current year be paid, was to be taken by directors of the company at a Philadelphia meeting Wednesday.

The proposed resumption of dividend payments was one of the objectives of reincorporation under Delaware laws.

Reorganization under the new charter will also effect a saving of approximately \$50,000 in taxes annually, eliminate stockholders' liability and afford better facilities for handling business, according to the officials. The new shares will have identical liquidation value with those now outstanding and all assets of the present corporation will be transferred to the new company.

Dividends were omitted this year when directors voted to defer the Feb. 1 payment. This action was recommended by Mr. Hansen in his report for 1930 showing a shrinkage of approximately \$500,000 in security holdings as of Dec. 31.

In addition to a substantial recovery in the market value of its security holdings since the end of last year, the company's business this year has shown increases. Income the first two months increased 70 percent, to \$1,457,824, as compared to 1930, while assets increased \$446,488 from \$8,179,012 Dec. 31 to \$9,625,500, as a result of operations and without taking into account the higher values of securities.

Plans for Coast Operations

SAN FRANCISCO, June 10.—Plans are rapidly getting under way for the launching of the Connecticut Indemnity on the Pacific Coast, according to B. A. Sifford, Pacific Coast manager of the Security of New Haven, who will be in charge of the new company on the coast. Present plans call for the writing only of automobile liability and property damage under a combination policy. However, the company will be duly licensed on July 1 for all lines, says Manager Sifford. To assist in getting the new organization under way, P. J. Berry, vice-president and general manager, will arrive in San Francisco June 15 and will spend several days in conference with Mr. Sifford.

Receivership Is Granted

California Highway Indemnity Exchange Argues Assessment Authority Can Be Counted Valid Asset

SAN FRANCISCO, June 10.—Receivership of the California Highway Indemnity Exchange and its attorney in fact, the Automobile Underwriters, was granted Commissioner Mitchell by Judge Warne of the superior court of Los Angeles following a trial which lasted four days and in which the exchange resisted receivership on the ground that the liability of its subscribers to assessment constituted a valid asset. The total amount of assessments was shown as \$772,000 to cover outstanding liabilities, \$350,000 of which covered existing judgments against the exchange. It is understood an appeal from the decision is to be made but Commissioner Mitchell during the trial brought out that in his opinion even though assessments could be considered valid assets of the exchange it was in a condition hazardous to creditors and subscribers.

Consider Continental's Claims

On June 15 in his offices in Kansas City, Mo., Ben Hyde, Jr., commissioner in charge of the affairs of the Continental Indemnity, will receive claims against that company. He will hold hearings June 15, 22 and 29 on the merits of the claims.

Denies Owing Company \$50,000

PITTSBURGH, June 10.—E. M. Love, coal operator and banker, in his answer to the \$50,000 suit brought by Commissioner Armstrong, denies that he owes the \$50,000 note found in the assets of the Pennsylvania Surety, of which he was a director. Instead the company owes him \$575,000, the answer states. He says he entered into an oral contract with the company for the purchase of \$625,000 worth of securities, paid \$575,000 cash and gave his note for \$50,000, but they were never delivered. The Pennsylvania Surety is being liquidated by the Pennsylvania department.

Casualty Company Notes

The **Income Guaranty** has been licensed in Ohio.

The **Bankers Indemnity** of Newark, which formerly carried on business in Moose Jaw, Sask., has withdrawn from that province.

First reading of a bill to incorporate the **Aeme Assurance** has been given in the Dominion house. It is proposed to organize a company which will be empowered to issue indemnity bonds.

Recklessness Is Now Becoming a National Trait

CROMWELL, CONN., June 10.—Pointing out that the fire waste in the United States last year was close to \$500,000,000 and that the economic loss resulting from automobile accidents was in excess of \$850,000,000, Commissioner Dunham of Connecticut in the course of an address at the annual meeting of the Connecticut Association of Insurance Agents here today declared that, "Recklessness is assuming the aspect of a national trait in this country." Touching upon general business conditions particularly as they relate to underwriting interests, Col. Dunham maintained that companies which in more prosperous periods have set aside ample reserves have little to fear from the existing depression; voicing his belief that because of the experience gained in the past two years well managed institutions will increase in strength.

REINSURANCE

THERE NEVER HAS BEEN A FINANCIAL "PANIC" SINCE THE FEDERAL RESERVE SYSTEM WAS ESTABLISHED.

THERE NEVER HAS BEEN A PANIC IN INSURANCE BECAUSE ITS "REDISCOUNT" SYSTEM — REINSURANCE — WAS BUILT CONCURRENTLY WITH THE NEED FOR IT.

CASUALTY COMPANIES "REDISCOUNT" THROUGH REINSURANCE WITH

**EMPLOYERS
REINSURANCE
CORPORATION**
KANSAS CITY

ILLINOIS NATIONAL CASUALTY COMPANY, CHICAGO

Lucky? Maybe!

Maybe your clients have been lucky drivers and have escaped being in an automobile accident. If so we congratulate them. We hate to sound a disparaging note but accidents every day involve drivers who have never before figured in an automobile accident. In most cases it's not their fault because they are careful drivers. Accidents occur because it's difficult to "dope-out" the other man. After an accident it's too late to buy the needed protection. Foresight is needed in getting ample protection—care in obtaining it from a company that specializes in complete automobile protection.

That's where the Illinois National Casualty comes in. Here is a strong company for Illinois and Indiana agents that specializes in sound Full Coverage Automobile Insurance at fair rates. Agents are treated fairly and policyholders are given every consideration. You should inquire about our interesting agency proposition.

« »

T. H. REITER
President

C. H. BARR
Vice-President

ILLINOIS NATIONAL CASUALTY COMPANY

540 N. Michigan Avenue, Chicago

AUTOMOBILE	PUBLIC	BURGLARY	ACCIDENT
LIABILITY	LIABILITY	THEFT	HEALTH
PROP. DAMAGE	TEAMS	PLATE GLASS	WORKMEN'S
COLLISION	ELEVATOR	STEAM BOILER	COMPENSATION

General Accident



FIRE AND LIFE
ASSURANCE CORPORATION, Ltd.
FREDERICK RICHARDSON, United States Manager.
GENERAL BUILDING - 4TH & WALNUT STS.
PHILADELPHIA

CHANGES IN CASUALTY FIELD

Opens Albany Service Office

Fidelity & Deposit Will Make It Similar in Character to One Conducted in Washington

BALTIMORE, June 10.—A service office, somewhat in the nature of a small scale model of the one in Washington, D. C., has been opened in Albany, N. Y., by the Fidelity & Deposit under the direction of Fancher Hopkins, former special agent of the Syracuse branch.

While the main function of the new office will be to provide helpful cooperation to contractors bidding on projects in New York State, Mr. Hopkins and his associates will also be able to serve the agents of both the F. & D. and American Bonding, as well as those of their clients who may desire information and assistance in connection with other matters. So far as contractors are concerned, the office will be prepared to furnish plans and specifications, to check estimates and to render other aid of that character.

Cosby Goes to Richmond

George H. Cosby, Jr., of Charlotte, N. C., has been appointed assistant manager of the Richmond branch of the Travelers. He will be associated with C. F. MacNeil, manager at Richmond. Mr. Cosby has been with the company

more than seven years, first serving in the claim department in the Richmond territory. He became field assistant in the Charlotte, N. C., office in September, 1926, having since September, 1929, served as assistant manager in that city.

Powell General Agent

George W. Powell, formerly vice-president of the Georgia Casualty and the Public Indemnity, is opening a general agency in the Norris building, Atlanta, representing both fire and casualty companies. This is the first time in his experience that he has gone actively into the production end of the business. In the past he has been resident vice-president at Atlanta for the American Mutual, before that was New England manager for the General Accident and previously for some 20 years traveled the United States for the Maryland Casualty as special representative of the claims and underwriting departments. He is prominent in Atlanta civic affairs, having been president of the board of education for two terms.

Other Casualty Changes

P. H. Murphy has resigned as controller of the Pacific Coast department of the Lloyds Casualty at Los Angeles. He will operate a local agency at Long Beach.

Rane Giddens, who has been in training at the home office of the United States Fidelity & Guaranty for special agency work, has been assigned to the Helena branch office.

WORKMEN'S COMPENSATION

Revised Rates Announced

National Council on Compensation Insurance Gives Notice of Changes in Some States

NEW YORK, June 10.—On the last day of the month revised rates for compensation insurance will become effective in Alabama, Georgia, North Carolina and Tennessee and on July 1 in New Hampshire. In each of the states the new schedules prepared by the National Council on Compensation Insurance call for an increase, the average advance being: Alabama, 4.8 percent; Georgia, 4.5 percent; North Carolina, 7.3 percent, and Tennessee, 1.8 percent. In New Hampshire because of the amendments to the state's law, a flat increase of 2.3 percent was adopted, the assumption being that such would cover the liberalization of the statutes.

Revised rates have been prepared for Oklahoma and a hearing in justification of them will be held at Oklahoma City June 22. The refusal of the states named to sanction use of the \$10 expense constant automatically placed both stock and non-stock carrier schedules on a parity. Hence the new rates to be charged by both classes of companies will be the same.

State Fund Bill Sidetracked

The bill to create a state compensation fund in Illinois has apparently been sidetracked, the judiciary committee of the Illinois house having voted to pass up definitely action on the bill.

Confer on Compensation Rates

NEW YORK, June 10.—Executives of workmen's compensation writing companies, both stock and non-stock, are again in session here studying the rate problem with a view to determining whether an emergency exists at the present time. As set forth in the analysis of the 1930 casualty results recently made public by the National Bureau of Casualty & Surety Underwriters, 54

companies suffered a total underwriting loss of \$41,548,348 on their compensation writings last year. This followed an underwriting loss of \$13,618,247 in 1929.

Disease Awards Increase

Companies are reported as being exercised at the increasingly large number of occupational disease awards in New Jersey. Some observers feel that cases of ordinary illness not associated with employment are being stretched to entitle the claimant to compensation benefits. As a result of this tendency, some companies are declared to be limiting their compensation writings in New Jersey. The greatest precautions are being taken on some of the large risks, the companies maintaining a physician on the premises, who insists that the workmen follow hygienic practices such as washing their hands frequently. There is reported to be increasing activity on the part of ambulance chasers, especially in the vicinity of Jersey City.

May Use Merit Rating Plan

A plan whereby employers insured under the Wisconsin workmen's compensation act may receive as credit a certain percentage of the amount in which 75 percent of the earned premium on their risks exceeds their total losses, thus utilizing experience under current policies as a part of the merit rating system, may be approved by the Wisconsin compensation insurance board if not discriminatory between risks or likely to impair the financial structure of the insurer, according to a ruling by Deputy Attorney General Wylie.

Private Chauffeurs Covered

ALBANY, N. Y., June 10.—Governor Roosevelt has approved the bill providing workmen's compensation coverage for private chauffeurs in the city of New York. In approving the bill the governor said: "I am approving this bill this year with the hope that it will be amended next year so as to make it state-wide, instead of limiting the coverage to the city of New York."

ACCIDENT AND HEALTH FIELD

Charges for Aviation Rider

Zurich Fixes Premium of \$1 for Each \$1,000 Principal Sum for This Coverage

The Zurich has instituted a charge of \$1 for each \$1,000 principal sum for the aviation rider now generally attached to accident policies without any additional charge, covering while the policyholder is a fare-paying passenger on a regular air transport line.

So far as is known, the Zurich is the first company to make a charge for this coverage, although it seems quite possible that other companies will take similar action in the near future. The granting of this coverage without charge was criticized by several company men at the meeting of the National Association of Accident & Health Managers in Detroit last week. F. G. Burgoyne of the Union Indemnity declared in his address that free distribution of such coverage is bound to be expensive and George Manzelmann of the North American Accident at the round table session compared aviation conditions today with those existing when the automobile was first introduced, saying that if the agency force had suggested the inclusion of a free automobile rider at that time, the companies possibly would have accepted the suggestion. He held that in a few years the airplane is likely to be as heavy a source of losses as the automobile is at present.

Industrial Insurers Meet in Asheville, N. C., Sept. 16-18

ATLANTA, June 10.—The annual meeting of the Industrial Insurers Conference will be held Sept. 16-18 in Asheville, N. C., with the Grove Park Inn as headquarters, it was announced following a meeting of the executive committee here last week.

Aside from determining the dates for the annual meeting the program for the executive meeting was informal and no matters of outstanding importance were discussed. There was a full attendance, including G. R. Kendall, Washington National, Chicago, president of the conference; R. H. Dobbs, chairman, Industrial Life & Health, Atlanta; G. W. Munford, Home Security Life, Durham, N. C.; E. T. Burr, Durham Life, Raleigh, N. C.; C. A. Craig, National Life & Accident, Nashville; P. M. Estes, Life & Casualty, Nashville; W. R. Lathrop, Southern Life & Health, Birmingham; P. W. Jones, Bankers Life & Health, Macon, and J. R. Leal, Interstate Life & Accident, Chattanooga.

Sackett Buys Paper

J. B. Sackett, well known to the old-timers in the central west, particularly in the accident and health field, who has been on the Pacific Coast for a number of years, has purchased the "Dotted Line," official organ of the Los Angeles Association of Life Underwriters, and will extend its scope so as to cover accident and health as well as life insurance. Mr. Sackett has been secretary of the Accident & Health Managers Club of Los Angeles ever since its organization.

Amos Takes Monthly Department

SAN FRANCISCO, June 10.—The appointment of E. W. Amos, as manager of the monthly premium health and accident department of the Massachusetts Bonding is announced by J. R. McKinney, manager of the Pacific department. Mr. Amos, who replaces C. O. Brainard, resigned, was formerly gen-

eral agent accident-health department United Pacific Casualty.

New Flint Organization

FLINT, MICH., June 10.—Flint accident and health managers have organized a unit of the National Association of Accident & Health Managers with A. E. Cobb as president; L. A. McKinnon, vice-president; L. M. Cole, secretary, and L. K. King, treasurer.

CASUALTY PERSONALS

Thomas Fraher, home office representative of the Aetna Life and affiliated companies, has returned to the western branch office in San Francisco after a seven weeks' visit in the Hawaiian Islands. While in the islands Mr. Fraher interviewed the contractors who are engaged in the extensive building program which is being undertaken by the government, in regard to bonds. On June 17 bids will be entered on the \$3,000,000

naval ammunition dump project. Business as a whole is better in the islands than on the mainland, says Mr. Fraher. Although private building has declined, the government projects are more than making up for it.

C. A. Withers, vice-president and managing director of the Dominion of Canada General, died suddenly in Toronto June 3 while playing golf. He



IN SURETYSHIP AS IN CONSTRUCTION SPECIALIZATION COUNTS

- Without the specialized knowledge of the engineer, the progress of the world would be immeasurably retarded. Largely upon the accuracy of his calculations depends the successful completion of every construction project.
- Aside from the technical knowledge of the engineer, acquired through years of grinding study, the chief ingredient for success in their respective fields of endeavor are the same for both the engineer and the surety underwriter—a wealth of practical experience.
- How well the majority of the F&D's underwriters measure up in this respect is indicated by the Company's service records. Six have been with the Company between 30 and 40 years; nine between 25 and 30 years; ten between 20 and 25 years; thirteen between 15 and 20 years; twenty-four between 10 and 15 years; thirty between 5 and 10 years.
- Just as the engineer's specialized knowledge enables him to calculate exactly the stresses and strains which the various members of a bridge or a building will be called upon to withstand, so does the knowledge and experience of the F&D's underwriters enable them to recognize quickly the good and bad features of any bonding proposition.
- This means prompt, authoritative action—a factor of immense value to the Company's agents in these days of intense competition.



FIDELITY AND
SURETY BONDS
BURGLARY AND
PLATE GLASS
INSURANCE

FIDELITY AND DEPOSIT
COMPANY OF MARYLAND • BALTIMORE

was born in Stratford, Ont., in 1876, attended school in Toronto, and became a junior clerk in the Toronto offices of the London Guarantee. In 1895 he transferred to the Employers Liability and three years later he became superintendent of the guarantee department of the Dominion of Canada Guarantee & Accident. Later he went to Montreal as general superintendent of the Ocean Accident, but returned to the Dominion of Canada Guarantee & Accident as general manager, becoming a director and vice-president in 1922. This company's name was changed a few years ago to Dominion of Canada General.

George Brown, veteran Detroit accident and health general agent and one of the founders of the National Association of Accident & Health Managers, made a big hit at its meeting in Detroit last week with his visual demonstration of the difference between a limited accident policy, such as the newspaper contract, and a full coverage policy. After

making the point that a purchaser gets only what he pays for and that while he is getting his money's worth on the \$1 policy, it does not give by any means the same value as the higher priced form, he produced an assortment of merchandise which caused some of his hearers to suggest that he might set up in business as a pack peddler. This exhibit included a 10-cent store ring and a valuable one which he was wearing himself, samples of perfume, practically alike as to the bottles, but one costing 10 cents and the other \$3.50; toy automobiles representing low priced and higher priced makes; neckties purchased from a street corner vender and a high class haberdashery; an egg bought at a chain store and not guaranteed as to its freshness and another direct from the country; men's socks and women's silk stockings, and specimens of women's lingerie, one costing but 25 cents and presenting an unusual appearance for that price and the other costing \$7.50. In each case he compared the cheaper

article with the \$1 policy and the higher priced one to the full cover contract.

Manager J. E. Callender of the Ocean Accident and Columbia Casualty in Chicago entertains every year at his home at Calamus Lodge on the Fox river the employes and his associates. This year's outing will be held Saturday.

C. H. Van Campen of the Fred L. Gray Company, Minneapolis, general agents for the Standard Accident, who has been confined to his home for several months with neuritis, is reported to be slowly improving. Mr. Van Campen is leaving for his summer home near Brainerd, Minn., and it is hoped that after a summer of rest he will be able to return to his desk.

R. I. Catlin, assistant vice-president Aetna Life and R. E. Hughes, of the automobile department, are making an extended stay in San Francisco, conferring with C. A. Bonner, manager western branch.

E. F. Holmes, Los Angeles manager of the southern California department Indemnity of North America, is on a three weeks vacation trip to his old home in Arkansas.

J. W. Randall, secretary Travelers in charge of casualty operations, accompanied by H. C. Leavens, assistant superintendent of agents casualty department, was in Los Angeles last week. This is the first stop on a trip which will cover the Pacific Coast field, including San Francisco and the Pacific northwest.

F. L. Barnes, vice-president of the Provident Life & Accident, is spending two weeks in Kansas City renewing old acquaintances and golfing.

M. M. Moss, senior vice-president Insurance Securities group, is spending some time in San Francisco. He is making his headquarters with Edward M. Brown & Sons, general agents New York Indemnity.

Henry M. Marshall, former vice-president of the Union Indemnity and prior to that associate manager of the United States Fidelity & Guaranty in Chicago, and Mrs. Marshall have issued invitations to the marriage of their daughter, Agnes, to Wilbur Wright Heard June 22 at Leeds church, Markham, Va., where the Marshalls reside.

The home office employes of the Zurich in Chicago were entertained Tuesday at a picnic and outing near Mundelein, Ill.

J. A. Beha, general manager of the National Bureau of Casualty & Surety Underwriters, will attend the mid-year meeting of the National Convention of Insurance Commissioners in Chicago June 15-17.

Hal H. Smith, III, son of Hal H. Smith, II, and Margaret Smith, was born in Detroit recently. Hal Smith is president of the Central West Casualty and Hal Smith, II, is secretary-treasurer.

The Fireman's Fund Indemnity has been licensed in Louisiana.



HENRY GRADY HOTEL
Atlanta, Ga.

550 ROOMS 550 BATHS

Fidelity-Surety Activities

Forgery Test Case Is Filed

Texas Attorney-General Holds That Sureties Are Liable in Witness Certificate Fraud

AUSTIN, TEX., June 10.—The American Surety is named as defendant in a suit filed here by Attorney-General Allred against S. H. Terrell, former state comptroller, for \$27,955. The American Surety was surety on the bond of \$75,000 of the former comptroller. It is a test case brought to collect between \$500,000 and \$600,000 due the state from alleged forged witness certificates. The petition alleges liability for the alleged failure to comply with the law requiring witness accounts to be certified by the district judge. Attorney-General Allred said that he expected to make the case a test as to the liability of public officers on their bonds. "In my judgment, a bond for the faithful performance of all duties imposed by law upon a public officer means what it says. If the law had been complied with these forgeries would have been detected and this suit would have been unnecessary."

The statute of limitations does not run against the state and the other suits can be filed at will without damage to the state.

Three Groups in Prospect

There are three groups in prospect as defendants in suits that may be filed. One group is in Dallas where the state claims forgeries of about \$209,000; another in Houston county with \$200,000 allegedly at stake and the remainder largely made up of claims not yet divulged to the public. One item in the last group is the Upshur county claim of about \$60,000 under allegations made by the state in certain criminal proceedings.

The forgeries, which have already caused two suicides and several arrests with more to follow, cover a period of some years, the attorney-general said, and the action he said that would be taken against the comptrollers and their bondsmen will not charge any personal culpability on their part but only liability to the state because of alleged non-compliance with the law which requires the district judge to certify the list of witnesses entitled to fees. The amounts in dispute were fees, claims to which were in certificates to the comptroller with the name of the district judge and district clerk forged. The comptrollers and their bondsmen were never beneficiaries and had not the slightest part or knowledge of the irregularities. Their liability is claimed only because of alleged negligence in not complying with the statute.

Want Surety Company Aid Against Race Betting Law

Surety companies and officials are being asked by the Chicago Law & Order League to aid in the repeal of the racing law in Illinois. It is pointed out that the surety companies lose large sums constantly from embezzlement due to betting on the races. One of the Chicago banks which failed on Monday of this week lost \$150,000 abstracted by two clerks to bet on the races.

In fourteen states bills were introduced this year to permit legalized betting on the races. They were defeated in all except Florida, where the measure was vetoed by the governor and passed over his veto. The Illinois law now permits betting and the Chicago Law & Order League is working for the repeal of the act.

ESSENTIALLY

agency companies,
recognizing the value
of full cooperation by
the Home Office with
men in the field.

United States Fidelity and Guaranty Company

R. HOWARD BLAND, *President*

Fidelity and Guaranty Fire Corporation

R. HOWARD BLAND, *President*

FRANK A. GANTERT
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Home Offices
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Especially that unusual cover that means most to you.
Or can Re-insure large percentage of all your liability.

Re-Insurance
Excess Re-Insurance
Catastrophe Hazard

DEE A. STOKER

Re-Insurance Underwriter
2111 Daily News Building, CHICAGO

General Agencies Up for Discussion

(CONTINUED FROM PAGE 5)

fact only partly compensated for by a lessened loss record.

The mixed agency problem has been an all absorbing topic among agents located in the territory for many months. There are many expressions of disappointment that a definite conclusion could not be reached at the White Sulphur meeting. It was an outstanding feature for discussion at the Georgia agents' meeting in Albany this week and will come up for serious consideration at the agents' meetings in North and South Carolina within the next few days.

Hines Is New President

The election of J. H. Hines of Atlanta as president was a source of gratification in all circles. Mr. Hines, a member of Hines Brothers, southern managers of the Crum & Forster companies, had served the organization as vice-president of the S. E. U. A. during the past two years. Following an established custom that an Atlanta resident manager who is president of the association is also chairman of the executive committee, Mr. Hines will assume the responsibilities of both places. He announces that he will appoint his executive and other committeemen at an early date.

The other only two elective officers are vice-president and manager and these included B. M. Culver of New York, America Fore, Wm. F. Dunbar, respectively. Joseph S. Raines will be continued as secretary, a position he has filled most satisfactorily for a number of years.

Some constitutional amendments were adopted. These changes will result in the creation of a grievance committee to investigate and consider reports of violations by members and will allow investigations into rumors as well as charges.

Local agents of Atlanta had registered a complaint concerning branch office activities. It is claimed that some of these are accepting business on terms local agents cannot offer. The matter was referred back to the special committee for conference with Atlanta agents.

Van Schaick May Call for Action

(CONTINUED FROM PAGE 3)

insurance department upon matters of mutual concern, and the National Automobile Underwriters Association has indicated its intention to do the same.

Department investigators continue their study of company records, determined that any office, however prominent, that has wittingly or through inadvertence transgressed underwriting rules or rates be called to strict accountability therefore. Never was the department more in earnest in its insistence that both the laws of the state and the regulations of insurance bodies be lived up to in letter and in spirit.

Anti-Mail Order Campaign Starts

(CONTINUED FROM PAGE 3)

of fairness in adopting the reciprocity principle."

Clyde Smith a Speaker

Clyde B. Smith of Lansing, Mich., former president National Association of Insurance Agents, who was a guest, spoke in favor of the plan. He dwelt at length on a plan to establish a state association of insurance agents in Colorado and insisted that such an organization could do much to promote the proposal of the chamber to assist Denver insurance men.

"We folks do not want a monopoly,"

he said, "but we must realize that we cannot achieve these ends individually; we must work collectively. Through cooperative effort we can accomplish more for the insurance buyer and ourselves."

State Organization Urged

A state organization of insurance agents was recommended as the best means of raising the standards of efficiency among agents.

"No man," he declared, "has any business with the authority to sign contracts running into the millions if he does not know the business from the ground up." He enumerated the many

benefits of a state association, including legislative improvement, the fight against cut rates enjoyed by various churches and like organizations, the spread of information and education at meetings of luncheon clubs, collective advertising campaigns and others.

He declared that the position taken by a group of company executives representing considerably more than 50 percent of the insurance power of the country in a recent New York meeting indicated they realize the salvation of the insurance business rests with the local agent.

Mr. Smith, who just arrived here from Colorado Springs, announced the insur-

ance board there has adopted a resolution approving his plan for a state association.

The Denver Association of Insurance Agents at its meeting Tuesday authorized a letter of appreciation to be forwarded to the Hup Motor corporation for its action in cancelling all its mutual insurance in favor of stock companies. A similar letter on this subject will be sent the National association.

The insurance department of the American Trust Company, Little Rock, Ark., which failed in November, 1930, has been sold to John Collins and associates.

Centralize

FOR "FRIENDLY SERVICE" SELLING AIDS

NATIONAL SERVICE

Automobile
Plate Glass
Burglary
Public Liability
Compensation
Accident and Health
Insurance
Fidelity and Surety
Bonds

CAPITAL
\$1,000,000
SURPLUS
TO
POLICYHOLDERS
\$2,000,000
RESOURCES
\$4,000,000



A number of agents have found the answer to a higher premium volume in 1931..... to be in the "selling aids" of the "CENTRAL"

1. Clear and complete book "How to Abstract a Client's Insurance."
2. Abstract forms on request.
3. Full line of advertising folders that *sell*.
4. Bed-rock quantity price on calendars and leather-bound year books.
5. Full bail-and-release-of-attachment bond service.
6. Policy "leaders" that anticipate insurance needs.

SERVICES THAT SELL CENTRAL SURETY AND INSURANCE CORPORATION

KANSAS CITY

MISSOURI

DENNIS HUDSON, President

Reviews Farm Conditions and Gives Recommendations

(CONTINUED FROM PAGE 27)

general decline in building costs affects them. The local lumberman may not always be the best source for such information—that will depend largely upon the stock of builder's merchandise he may have on his shelves. The responsible local contractor with the advantage of outside wholesale buying power, however, will doubtless be more reliable.

* * *

7. Approximate value of buildings—1931 prices in rural districts—materials and labor.—While we agree that the cubic rule is not altogether satisfactory and which if carelessly placed in the hands of agents would doubtless prove disastrous, yet we are going to venture it in the following recommendations as a guide and basis for consideration. Good judgment must be exercised in establishing values by taking into consideration construction, quality of workmanship and materials put into the structure. New buildings—at price in cents per cubic feet in building—multiply length in feet of building by the width and then by the height, measuring

from the bottom of the basement or cellar to the square of roof.

Dwellings

Frame—(Common construction), wood shingle roof, pine floors and trim, plastered and finished rooms, two coats of paint inside and out, no plumbing, bathroom, furnace or built-in fixtures, 10 to 12 cents.

Brick—Same class, construction as above, 13 to 15 cents.

Frame—(So-called modern construction), composition shingle roof, hardwood floors, common trim, bath, common plumbing, hot air furnace, full basement and cement floor, building lined, painted two coats inside and out, 16 to 18 cents.

With hot water heat, extra good plumbing, extra fixtures, built-in features, painted and decorated, 18 to 22 cents.

Brick—(Modern extra construction), 23 to 27 cents.

Barns

Frame—(Common construction), shingle roof, painted, good foundation, stalls and bins, 3 to 5 cents.

Dairy—(Modern dairy equipment), 6 to 9 cents.

Barn—Or \$1.40 times the square feet in floor area of barn; or \$40 times length of barn in feet.

* * *

8. Depreciation.—The preceding figures are for new buildings; to determine the present value of old buildings allowance must be made for depreciation.

Poor economic conditions on the farm have developed an attitude of general indifference of property owners. Because of neglect to keep buildings painted, renew roofs, rebuild chimneys and keep property in good state of repair, a rather abnormal depreciation has resulted, therefore, making it somewhat difficult to make specific recommendations. Good judgment must be exercised as it is impractical to try to establish a hard and fast rule. However, we advise as a guide deductions from new building costs as follows:

Frame—Dwellings, barns and out-buildings occupied by the owners, 2 percent per year first five years; 1 percent each year thereafter. Occupied by tenant, 2½ percent per year first five years; 1½ percent each year thereafter.

Brick—Dwellings occupied by owner, one-half percent to 1 percent per year. Occupied by tenant, 1 percent to 1½ percent per year.

* * *

9. Establishing amounts of insurance on buildings.—When present value of building has been determined, insure it for 66⅔ to 75 percent of that figure, if such amount of insurance is justified after taking into proper consideration its relative utility value to the farm.

* * *

10 Insurable value of buildings based on relative value of farm.—In the fore-

going topics we have considered decline in building costs and were we to stop here, so far as hitting the real need for calling attention to reduction of liability on farm buildings, our aim would go wide of the mark. Insurable values cannot be based solely on replacement costs. For many months companies have emphasized the need for utmost caution when establishing insurance values, taking into consideration the relative value of buildings to the market value of the farm. It is absurd to think that because an insured bears a good moral reputation that any company should—

1. Write as much or more insurance on buildings than the property (land and buildings) would sell for.

2. Or should insure any building that has little or no utility value to the farm.

3. Or should insure any building that would not be replaced in the event of a total loss.

Remember that it is the intent and purpose of insurance to indemnify an individual personally against financial loss he may sustain by reason of a fire destroying the property described in his policy. Therefore, it is obvious, even to the mind of the most obtuse, that if a building having no relative utility value burns or is destroyed that there has been no financial loss and the collection of money for such on an insurance contract is little less than fraud. Many times the chief aggressor to such an arrangement is the unthinking, if not unscrupulous, company representative.

* * *

11. Reduction necessary to avoid controversy in loss adjustment.—If losses are to be adjusted on their merits and without disagreement, it is quite essential that insurance on buildings be reduced. Companies are experiencing an increased number of difficult cases where total loss occurs to property still insured on basis of peak building costs. The insured holds to the idea that he has paid for a certain amount of insurance and, regardless of present cash values or cost of replacement of the property, demands payment of the face of his policy. Naturally dissatisfied claimants jeopardize the best interest of both company and agent.

Adjusters, field men and agents should familiarize themselves with actual facts regarding the amount of decrease in building costs under present conditions. Likewise, it will also be to their advantage to study the present decreased values of all commodities—household furniture, farm implements and farm equipment in general.

I am sorry to say that a review of proofs of losses coming to us, as a rule, show that only slight cognizance has been taken of the fall in prices. We believe that it is as necessary for the success of our program of readjustment to require that some particular attention be given to the subject of loss adjustment, as it is for the revamping of underwriting.

* * *

12. Need for more inspections.—The responsibility of proper selection of risks should rest on the agent. However, we regret to say that some have not recognized the necessity of more carefully surveying their business, taking into consideration present conditions. In many instances, the agent makes reports for renewals from old surveys kept in his office, made possible five or ten years ago. He thinks he knows everybody in his community—likewise, the buildings, their condition and location on the farms and justifies his statement on the application that inspection was made on a certain date by having driven past the farm or possibly having driven out to it some night to secure signature to the application.

Not enough genuine inspections are being made by either agents or field men. Farm risks have become abnormally defective during the past five years through neglect of property owners and we want to emphasize that much of the moral loss that infests our busi-

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TABULATION of responses to our recent query asking Agents what qualities are demanded in determining the choice of companies shows that Resources and Reputation are paramount. This is a distinct compliment to the American Agency System, and we rejoice in the knowledge that the Bankers Indemnity has what you want.

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ness can be offset by more careful and conscientious inspection of the physical condition of property.

The major causes of farm fires is no mystery. There are only three causes to which the greater part of farm losses can be attributed:

1. Defective flues and heating devices.
2. Lightning.
3. Sparks on non-fire-resistive roofs.

While there are, of course, other causes—due largely to carelessness—the three causes given are the principal ones and are largely corrective by effective inspection. A certain company recently inspected 2,237 risks and found 602 defective flues, 635 old shingle roofs, 84 defective rods, 115 places where gasoline was found in buildings, and 18 miscellaneous defects making a total of 1,474 fire hazards. Later 192 of the same places were reinspected—78 flues had been repaired, 30 roofs had been replaced, 18 rods repaired, 6 gasoline tanks removed, 4 miscellaneous, making a total of 122 hazards removed.

Effectiveness of Inspections

The foregoing not only gives a good conception of the class of hazards to be found on most farms, but also shows something of the effectiveness of good conscientious inspections. It is, of course, not necessary to point out that these hazards may be found to exist on small risks as well as large. Too many inspectors overlook or rather disregard the importance of careful inspection of buildings of comparatively small value. Remember that by far the greatest number of incurred losses are under \$1,000.

A record of a field man shows that out of 412 farm inspections referred to him and on which he reported to the company—41 risks were cancelled, 54 reduced and 317 permitted to stand as written. In other words, 75 percent of the risks were acceptable as offered.

The subject of farm inspection should be given serious consideration. Our program of reduction of liability on buildings should arouse both agents and field men to more closely scrutinize each and every risk regardless of its size. For this year, it will be interesting to have the benefit of observations of some field men as to the results of inspection work, either from their own activities or agents under their supervision.

Wisconsin Legislature Active

MADISON, WIS., June 10.—The joint resolution calling for a referendum on compulsory automobile insurance in November, 1932, will be voted on today.

Senator Polakowski's measure calling for state compensation provision for automobile injuries and embodying the Marks plan is to be voted on tomorrow.

The agents' qualification measure has been amended to exempt agency mutuals and ordered to engrossment.

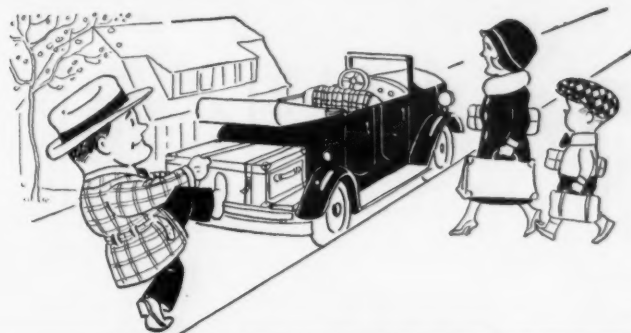
The Wisconsin senate by a vote of 19 to 8, concurred in a substitute to the Severson contributory negligence bill last week, and has sent the measure to the governor. It establishes a doctrine of "comparative negligence" in accident cases, and provides that contributory negligence shall not bar recovery.

The senate also concurred 24 to 2 in the Langve anti-ambulance chasing bill. This measure also provides for the licensing of professional insurance adjusters and provides penalties for violations including fines up to \$100 and imprisonment for as much as one year.

The bill making insurers parties in damage suits has been amended to exempt actions where a physician, surgeon or dentist is being sued for malpractice.

Iowa Mutual Dinner

Field men and other representatives of the Iowa Mutual Liability from Cook, Lake and Du Page counties, Ill., attended a banquet in Chicago at which were present H. L. Nehls, general manager, and several other home office officials. There were about 70 guests present. L. L. Andres, Chicago branch manager, was toastmaster.



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Jewelry is limited to 25% of the amount of policy with not more than \$500 on any one article. The minimum premium for six months or less is \$10.00. For one year \$15.00.

First \$1,000 or part thereof.....	3%—Premium \$30.00
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Excess of \$2,000.....	1%—Premium 10.00

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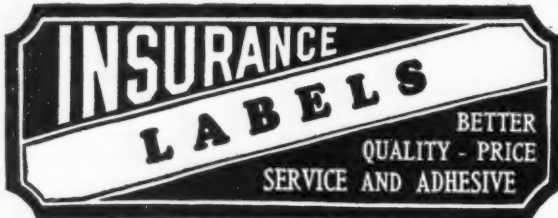
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Need Cooperation More Than Ever

(CONTINUED FROM PAGE 20)

casualty and surety companies. A large amount of this proposed legislation is objectionable," he said, "and, if enacted would be detrimental to companies, agents, policyholders and the public. In eight states monopolistic state funds for writing workmen's compensation were proposed and in two states competitive state fund bills were introduced. There were many bills to increase insurance taxation.

"The institution of insurance needs today more than ever before the intense and unselfish loyalty and cooperation of all those who are engaged in its advancement," Mr. Ives said. "If we do not join forces to protect our business, the time may not be far distant when we shall have very little business left to protect."

He said it is not generally understood that the most widespread government ownership project in America today is to be found in casualty insurance, concerning workmen's compensation. No other business is so extensively affected by government competition, he said. Seventeen states engage in the business and in seven states other carriers have been denied the right to write compensation.

Mr. Ives said it has been demonstrated that if the agents loyally and effectively cooperate, they can defeat such state fund proposals.

Going After Surety Now

For some years, political meddling with insurance seemed to concentrate upon the casualty business, but for the last few years surety has been receiving marked attention from legislators, Mr. Ives said. Much of this proposed legislation was highly objectionable. Political attacks on business are cumulative,

Connection Wanted by a Claims Attorney

with eleven years' experience as company man in field and branch office handling all lines of casualty claims. Past five years was Branch Manager covering several states handling and supervising claims and supervising and assisting litigation. Have general knowledge of casualty insurance and have assisted sales supervision, thus qualify as special agent. Age 36 years. Married. Best of references. Transferable to any territory and available immediately. Address T-69, The National Underwriter.

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he declared, and "when political incendiaries set fire to one classification, a conflagration is started that will spread to other lines of insurance."

Another phase of the situation confronting casualty and surety companies is difficulty in obtaining adequate rates. In recent years losses have greatly exceeded income. Agents can be of great assistance in helping companies to prove the need for rate increases and in protecting insurance from these various hazards.

Greer Bars Automobile Rate Cutting in Alabama

(CONTINUED FROM PAGE 20)

with good reasons based upon sound insurance principles and practices that such change is justified. Nor shall any such company or agent then make the contemplated change unless by sound reasoning it can be shown to be practical and obviously non-discriminatory.

Obvious Discrimination

"EXAMPLE: A city like Birmingham may not be divided by arbitrary lines giving car owners in one section of the city lower rates than can be obtained by car owners in another section. All the car owners will trade in the city and will drive their cars to and from the city. Certainly, then, the cars will be exposed to similar hazards. Therefore, to grant car owners in one section of such territory lower rates than car owners of another, constitutes an obvious discrimination.

"3. Any company or agent reducing the rates below the manual rates used by the conference companies, unless it is done by dividends properly earned, will be watched with especial care. For it is clear to any student of insurance that one well managed company can make the premium dollar pay approximately as much as the other. When rates are reduced for the individual risk or group of risks, it is done almost always arbitrarily, and constitutes either a direct or an indirect rebate or an inequity in the rates elsewhere. Any rebate is a violation of the law. While inequity in rate making is vicious, and endangers the very foundation of the business of the company guilty of the practice."

Surety Men Check Liability on Closed Chicago Banks

(CONTINUED FROM PAGE 20)

Central Trust Company and National Bank of the Republic apply for depository bonds and those having depository bonds in the Foreman State Bank request endorsement to cover deposits in the First National, the depository bond market will be topheavy.

Surety men are hopeful that most of the outlying banks will pay out. Six of the outlying banks, including three controlled by the Foreman family were closed Monday morning when the announcement of the loop merger was made. In the announcement of those mergers, no mention was made of any provision for the outlying banks and apparently the Foreman interests decided to close the outlying banks and conserve their assets. Otherwise, it was feared, runs might have been started.

Tuesday the twelve so-called Bain banks closed, also to conserve their assets, as runs were starting. John Bain, south side real estate operator, member of the South Park Board, and Deeneen Republican leader, is the main factor in these banks. George Herrmann & Co. handled the insurance for these banks.

Omitted From Telephone Directory

PHILADELPHIA, June 3.—Through an error of the telephone company the number of the Constitution Indemnity was omitted from the latest issue of the Bell Telephone Company's city directory. The number remains as formerly, Lombard 3727.



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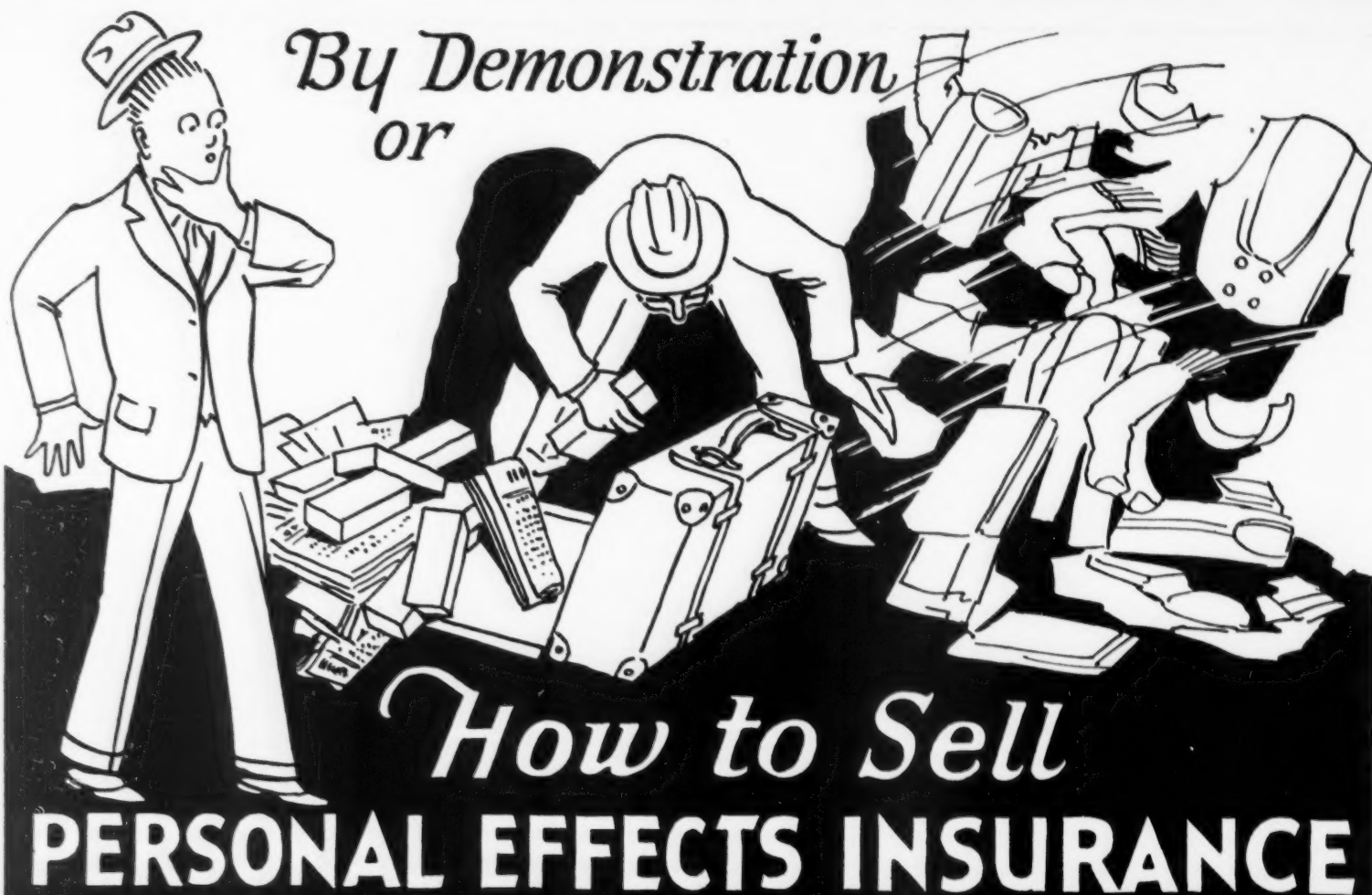
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